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WHAT NOW?

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Free Minds and Free Markets

May 1993/Vol. 25, No. 1

FEATURES

38 ■ WHAT NOW?
The next quarter century...

39 ■ *Out of the Dustbin*
Loren E. Lomasky
Communism is dead, but challenges to liberalism persist.

43 ■ *Screen Play*
Peter W. Huber
The revolution will be televised.

47 ■ *Bourgeois Blues*
Donald McCloskey
The virtues of capitalism.

52 ■ *Local Matters*
John McClaughry
Dismantling the state.

55 ■ *Caesar's Ghost*
Jonathan Rauch
A matter of morals.

58 ■ *Unmanageable Care*
Richard A. Epstein
The disease of central planning.

61 ■ *Do-Good Libertarianism*
Paul H. Weaver
Leading by example.

64 ■ *Creative Forces*
Joel Mokyr
The dangers of integration.

67 ■ *Uncommon Culture*
Virginia I. Postrel
Stirring the melting pot.

70 ■ Looking Backwards
Thomas W. Hazlett
Highlights and lowlights.

DEPARTMENTS

14 ■ Letters
The Christian right, Michael Medved, etc.

30 ■ Trends
Italian drugs, costly regulations, etc.

36 ■ Brickbats
Shark snacks, 30-foot breasts, etc.

EDITORIALS

6 ■ Stormy Weather
Virginia I. Postrel
Your plans are grounded in Washington.

8 ■ Waco's Wake
Jacob Sullum
Guns as villains.

11 ■ Polling Error
Rick Henderson
Testing the wind.

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STORMY WEATHER

VIRGINIA I. POSTREL

I was stuck in Washington and not at all sure I'd be getting out. "The storm of the century" had shut down the airports for the last two days and now, as my flight time approached, nobody would tell me whether my plane would in fact be taking off. The airline, the media, my friend whose cable system broadcasts Dulles flight times—all were maddeningly unhelpful.

All told me the airport was closed. All said it might or might not open in time for takeoff. My flight hadn't been canceled, but then that's what they always say until you've waited an hour or two in the terminal.

Still, decisions had to be made: to pack or not to pack, to stay put or to spend $40 on a possibly futile cab ride. It was a decidedly aggravating situation—making plans without critical information, knowing that some authority out there could wipe out those plans without warning.

It was a lot like being a business person, or a taxpayer, or a property owner in the age of fickle big government. And it reminded me of two articles I'd read the day the storm hit.

The first, on the front page of *The New York Times* business section, told how U.S. discount chains were opening stores in Mexico. Over the last several years, the Mexican government has lifted tariffs in anticipation of the North American Free Trade Agreement. As a result, discounters can import goods from the United States, and shoppers in Mexico City can sample the high-volume, low-price deals of Sam's Club (a Wal-Mart offshoot) and Price Club. This is just one instance of the opportunities and investments NAFTA has inspired.

But it is, like my eventual cab ride to Dulles, a leap of faith. It could be ruined if the Mexican government devalues the peso to make imports more expensive. "A steep devaluation would undo the warehouse club approach," Jaime González Solana, director general of Price Club of Mexico, told the *Times*. "It is out of the question for us, and we are not worried that it will happen."

There is more than a touch of bravado in those words. The risk is very real, and the Mexican government isn't the only risk factor. The vacillating Clinton administration and the anti-trade Democrats in Congress may well doom NAFTA.

Indeed, even as the *Times* was heralding the news about Wal-Mart and Price Club, *The Washington Post*'s front page was reporting that the treaty is in trouble—and so are businesses that assume it's a done deal. "Apparently the business community thinks this is a lead-pipe cinch," said Rep. Robert T. Matsui (D-Calif.). But, he suggested, businesses are making a big mistake. The House votes just aren't there.

"I question whether or not we will have the ability to pass NAFTA at any point in the future unless there is a greater grass-roots interest," said Matsui. And, he might have added, unless the president pressures wavering members of Congress to back the deal.

Consumed with selling his short-term economic program, the president isn't paying attention to the long-term consequences of letting NAFTA go down without a fight. The policy wonk in Bill Clinton surely knows trade is good for the economy, but the please-everyone politician is afraid to take on Congress, the unions, and the environmental lobby.

Despite surging exports to Mexico—up from $12 billion in 1986 to $44 billion last year, thanks to Mexico's tariff reductions—a lot of trade-phobic lawmakers want to block the treaty. They would punish Mexico for liberalizing its policies and hammer businesses, north and south, that were foolish enough to take the United States at its word. In the name of jobs, they would impose trade sanctions on their own country.

"Nothing distinguishes more clearly conditions in a free country from those in a country under arbitrary government than the observance in the former of the great principles known as the Rule of Law," wrote F. A. Hayek in *The Road to Serfdom*. "Stripped of all technicalities, this means that government in all its actions is bound by rules fixed and announced beforehand—rules which make it possible to foresee with fair certainty how the authority will use its coercive powers in given circumstances and to plan one's individual affairs on the basis of this knowledge."

It's safe to say that Hayek was not describing the United States in 1993. The actions of Dulles airport in the aftermath of a blizzard are more predictable than the actions of the federal government—and more likely to be based on neutral principles.

But individuals still have to make decisions, despite the turbulence of public policy. And those decisions, if made on a broad enough scale, serve to lock in the public policy of the day.

Consider the health-care mess. It derives, at least in part, from the steeply progressive tax rates and roaring inflation of the 1970s.

Inflation is about as unsettling a policy

as there is. Combine it with bracket creep that gives the tax man a bigger chunk of every raise, and you turn wage-earning taxpayers into gerbils running on a wheel, struggling desperately to stay in the same place.

In the '70s, both unions bargaining collectively and individuals bargaining independently tried to beat bracket creep by taking more and more of their compensation in non-taxable benefits, notably greatly expanded health coverage and retirement benefits. From 1970 to 1980, the proportion of total compensation made up by fringe benefits increased by more than 50 percent.

Workers couldn't control their take-home pay—that was in the hands of the government—but they could bank on the security of their fringes. And now, of course, we find big companies unable to keep their pension and retiree health-insurance promises. And we're stuck with a health-care system in which patients have no incentive to watch costs.

The Clinton administration promises to fix all that with its own health-care plan, which will not include the critical reform of taxing health benefits as income. Unless Hillary Clinton and her team undergo a radical change of attitude, we can expect further turbulence ahead—the turbulence created as price controls ripple through the medical system.

"The world is interconnected in a lot of ways. Once you change prices in one area, it has effects that you can't foresee," Harvard economist Gregory Mankiw told *The Washington Post* in this context. "That is why central planning in the Soviet Union broke down. I don't think Clinton planners will be any better than planners were in the Nixon era or in the Soviet Union."

The Clinton administration loves planning; that is its uniting ideology, the one consistency in an otherwise inconsistent administration. Unfortunately, as Thomas Sowell has aptly noted, "What is politically defined as economic 'planning' is *the forcible superseding of other people's plans* by government officials." For the next four years at least, all our plans may be grounded in Washington.

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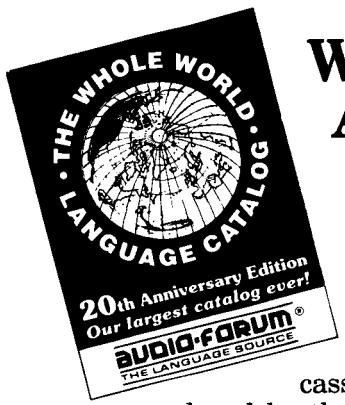

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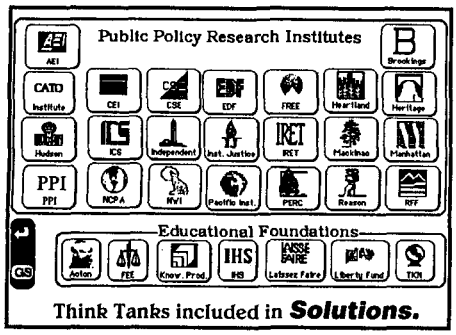

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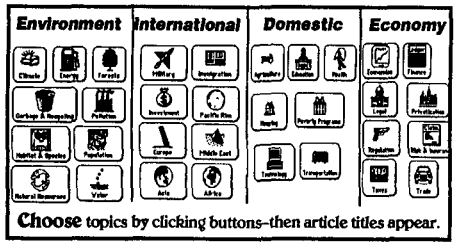

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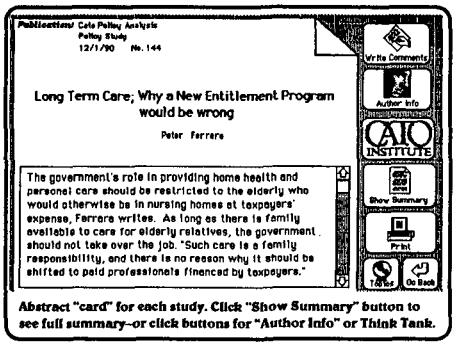
Long Term Care; Why a New Entitlement Program would be wrong
Peter Ferrara
The government's role in providing home health and personal care should be restricted to the elderly who would otherwise be in nursing homes at taxpayers' expense, Ferrara writes. As long as there is family available to care for elderly relatives, the government should not take over the job. "Such care is a family responsibility, and there is no reason why it should be shifted to paid professionals financed by taxpayers."

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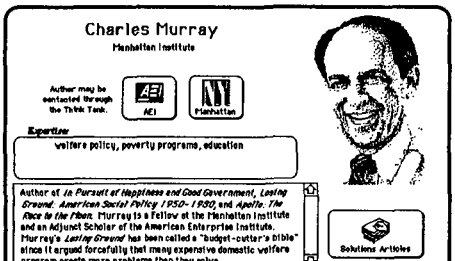

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EDITORIALS

WACO'S WAKE

JACOB SULLUM

As I write, the standoff between federal agents and Branch Davidians near Waco, Texas, continues. However it is ultimately resolved, the episode will be remembered as a law-enforcement disaster.

Critics of the BATF operation have cited various tactical errors. But the root of the fiasco was strategic: the premise that controlling certain weapons is the key to preventing bloodshed. In this case, the truth was just the opposite. The Waco tragedy has predictably elicited calls for stricter gun control, especially bans on so-called assault weapons. Instead, it should prompt policy makers to reconsider the mindless hunt for evil guns.

Press coverage of the Waco standoff showed how ignorance and misinformation feed the fears that drive gun control. *The New York Times* originally reported that David Koresh and his followers were armed with machine guns, which is why the BATF went after them in the first place. Later the *Times* backed off from that assertion, acknowledging that many of the guns were legal semi-automatics, although "at least one" was not.. A subsequent interview with a Branch Davidian who is familiar with the collection of weapons cast doubt even on that modest claim.

As of this writing, it's not clear that the Davidians have any machine guns at all. The *Times* reported that the shootout lasted 45 minutes, during which "hundreds, perhaps thousands" of rounds were fired. Ten people armed with semi-automatic guns (there were more than 90 adults in the compound) could readily account for that rate of fire.

But if it turns out that all of the guns were legal, that will only be seen as evidence of the need for broader bans. "People are so anesthetized to violence today, they never look at the root cause: the ease of getting guns," Rep. Glen Maxey (D-Tex.), who backs a federal ban on "assault weapons," told *USA Today*. "When something like Waco happens, it puts a different spin on it."

Shortly after the Waco shootout, New Jersey's "assault weapon" law, the strictest in the nation, survived a repeal effort. Defecting Republicans in the state Senate cited overwhelming public support for the ban, which covers more than 60 models and has turned some 200,000 residents into criminals. "Assault weapons" are so widely reviled that polls find most American gun owners agree they should be illegal.

But as gun-control scholars such as Gary Kleck and David Kopel have noted, "assault weapons" are simply a bogeyman created by the anti-gun lobby. The term is a neologism with no formal definition and no meaning within the firearms industry. It can apply not only to semi-automatic versions of military guns but also to any rifle or handgun with a "military-style" appearance. In practice, Kopel writes in *Policy Review*, "the legislative definition of assault weapon amounts to 'the largest number of guns that a given legislature can be convinced to ban.' "

As *The New York Times* coverage illustrates, journalists and the general public are often confused about the distinction between automatic weapons (machine guns), which fire steadily as long as the trigger is pressed, and semi-automatic weapons, which fire once per trigger pull. Many people seem to be under the impression that "assault weapons" are machine guns.

But there is actually little functional difference between firearms banned as "assault weapons" and other semi-automatic guns. They fire the same bullets at the same rate. "Assault weapons" may have folding stocks, bayonet attachments, or larger magazines, but such fea-

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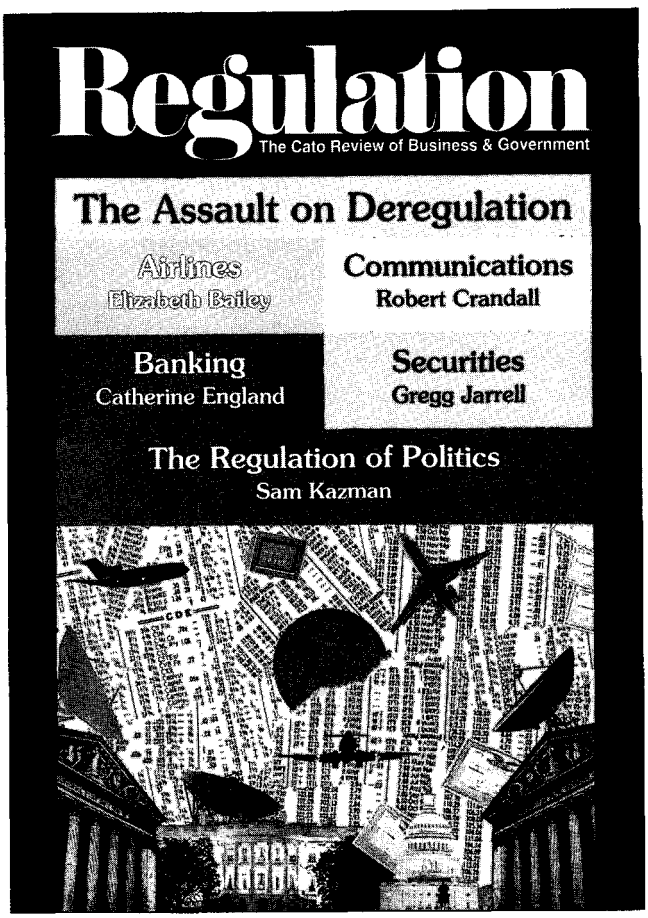

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tures make no practical difference in the commission of crimes. In the 1989 Stockton, California, schoolyard massacre, for example, Patrick Purdy used a semi-automatic version of the AK-47. But he could have done just as much damage with a semi-automatic hunting rifle.

Contrary to the impression created by media coverage of such incidents, "assault weapons" are rarely used in crimes. "Of the fatal shootings investigated by the Los Angeles Police Department's South Bureau homicide unit in 1990 and 1991, less than 2% involved assault weapons," reports the *Los Angeles Times*. "These kinds of guns don't play a large role in violent crime and they never have," Steve Helsely, assistant director of California's Division of Law Enforcement, told the *Times*.

Summing up 24 inventories of guns seized by police in cities nationwide, Kleck writes: "Virtually all of these studies show that only 0 to 4 percent of confiscated guns are assault weapons. Since about 12 percent of violent crimes involve guns, this means that assault weapons are used less than ½ of 1 percent of the time."

Most people who support "assault weapon" bans are probably misinformed. But law-enforcement officials such as Attorney General Janet Reno should know better, and so should gun-control activists. Kopel cites a 1988 memo in which Josh Sugarmann, now head of the Violence Policy Center, talked about using the specter of "assault weapons" to scare up support for gun control: "The semi-automatic weapons' menacing looks, coupled with the public's confusion over fully automatic machine guns versus semi-automatic assault weapons—anything that looks like a machine gun is assumed to be a machine gun—can only increase the chance of public support for restrictions on these weapons."

From the perspective of gun-control supporters, the "assault weapon" hoopla may be a noble lie, but it is a lie nonetheless. If the people who seek to ban "assault weapons" really want to have a serious discussion about how to deal with crime, they should try telling the truth for a change.

POLLING ERROR

RICK HENDERSON

Bob Dole says he opposes Bill Clinton's economic plan in part because the calls to his office are running 4-to-1 against it. At Pat Robertson's urging, thousands of loyal *700 Club* viewers phone their congressmen to oppose gays in the military. William Schneider appears almost hourly on CNN with new polling data.

As the political process becomes both more complicated and more pervasive, average citizens say they find politics confusing and their elected representatives out of touch. Policy makers have chosen to "listen" to their constituents in a troubling manner: to support whatever today's poll says. But by elevating polling data above principles, honest (but honestly confused) elected officials risk making uninformed decisions about complex problems. And their less-honest colleagues can select the poll responses they agree with to justify what they plan to do anyway.

Politicians have always made some of their decisions by hoisting a wet finger in the breeze. But nose counting is no substitute for serious analysis of complicated issues.

Consider health care. A mid-February survey by EDK Associates asked 800 adults what they think causes medical costs to rise. The top four answers: Doctors charge too much; insurance companies make too much money; doctors, fearing lawsuits, order too many tests; and drug companies make too much profit.

These opinions might be interesting. But as guides to policy, they're useless. Hillary Clinton shouldn't ask average citizens what they think; she needs to know what *in fact* causes health-care inflation.

For instance, the National Center for Policy Analysis notes that doctors' fees once made up 25 percent of health-care costs; now they're 20 percent and shrinking. Drugs account for little more than 8 percent of medical costs, malpractice cases perhaps 1 percent.

There's no indication, however, that the First Lady is considering any of this information. Her husband was elected, in part, because polls show 90 percent of Americans want major health-care reforms. Damn the details.

Indeed, Bill Clinton ignores poll responses that don't reinforce his agenda. At the end of February, a Gallup/*USA Today*/CNN poll asked 1,005 adults if they believed Clinton's economic plan was better than "current tax and economic policies." Sixty-eight percent agreed; 26 percent defended the status quo.

But the president hasn't found much use for the poll's next question: What should Congress do? Thirty-five percent said pass Clinton's plan as proposed; *46 percent* said make "major modifications" first. Another 14 percent rejected it outright. Six out of 10 people who answered that poll gave Bill Clinton a clear message: We want change, but not the type you offer.

Last year, Ross Perot, Pat Buchanan, and Jerry Brown identified a growing alienation among voters. They drew much of their appeal from being accessible and from their desire to discuss issues—debt, taxes, and foreign policy, among others. Politicians need not believe getting in touch means hanging out at Gallup headquarters. ◻

To celebrate REASON's 25th anniversary, join us at our gala banquet on May 21. The stellar lineup of REASON writers and friends includes: keynote speaker Charles Murray; master of ceremonies Tom Hazlett; and brief remarks from featured guests, including writers Peter Huber, Edith Efron, and Walter Williams, reporter John Stossel of ABC's *20/20*, Jim Pinkerton, the former deputy assistant to President Bush and promoter of "New Paradigm" ideas, and T. J. Rodgers, CEO of Cypress Semiconductor and a leading opponent of industrial policy. Virginia Postrel and Bob Poole will also speak. For further information, see the ad on the inside back cover of this issue.

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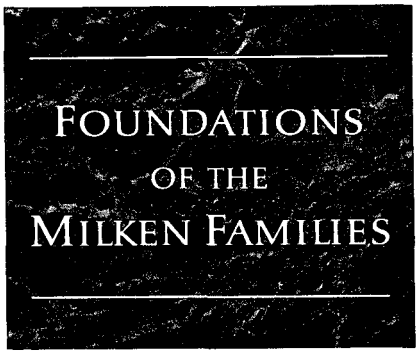

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LETTERS

Was the Right Wrong?

Virginia Postrel's analysis in "Lost Causes" (Jan.) was shortsighted. It cannot be said that the religious right lost out on election day.

Polls show the so-called moral issues were less important to the electorate last year than they had been for 12 years. Republicans lost in California because the issue of the economy, the focus of the campaign, was especially powerful there. Bush wasn't unpopular in California, he was hated.

Moreover, it was the hard-core conservatives who jumped ship first. Bush, his tax hike, Pete Wilson, and the economy dragged all Republicans down in California. Voters elected Dianne Feinstein over a moderate, Barbara Boxer over a conservative. The religious right had nothing to do with it.

In the few races where candidates were strongly tagged as "candidates of the religious right" (such as Barbara Keating-Edh), the main issue was the economy. And if they were incorrectly labeled, whose fault is that?

The Christian right sat this one out, and with the electorate concentrating on other issues, they were able to have more influence in areas of special concern. Among people who considered abortion an important issue (12 percent of the electorate), pro-life candidates had a massive advantage.

Contrary to media spin, the night after Pat Buchanan and Reagan spoke at the Republican convention, Bush reduced his gap with Clinton from 21 points to five points. Poll after poll shows that the GOP would be stupid if it ditched the social issues.

Kristian M. Dahl
Minneapolis, MN

VIRGINIA POSTREL MADE some very interesting points about Pat Robertson, Pete Wilson, and William Weld, but the example of Virginia congressional candidate Henry Butler was wide of the mark. Butler was indeed attacked for "wooing" Christian voters, despite the clear differences between him and the pro-life community. But that's not why he lost.

Virginia gained the new congressional district in reapportionment, and our Democratic legislature and governor deliberately carved it out of the Washington, D.C., suburbs, giving it a strong Democratic tint. The political orientation of the district, coupled with Democratic candidate Leslie Byrne's last-week barrage of ad-hominem attacks on several of Butler's youthful peccadilloes, which failed to elicit any counterattack by Butler, provided Byrne with her margin of victory.

John S. Buckley
Vienna, VA

ALTHOUGH THERE IS paranoia over the Christian right among Republicans and voters in general, and although leftists we challenge often include anti-Christian charges in their mud slings, the factors that led to my narrow defeat, 51 percent to 49 percent, in California's 25th District congressional race clearly *did not* include opposition to religion. I emerged from a six-man primary in June with 43 percent of the vote. Republicans in the 25th District were overwhelming in their selection of me, the "conservative Christian" in the race, as their standard-bearer.

My 12-point lead 10 days in advance of the general election was narrowed to six points by election day as a result of a barrage of Ralph Nader radio spots accusing me of being a phony consumer advocate, as well as negative mail that accused me of being a front for big business, in favor of alcohol and tobacco use, and against safety in general. My six-point lead was not quite strong enough to carry me over the top, given the incredibly high turnout by registered Democrats, who outnumber Republicans in my district, 49

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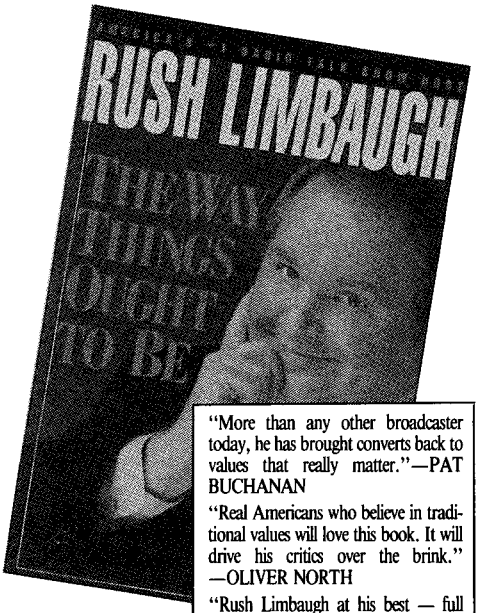

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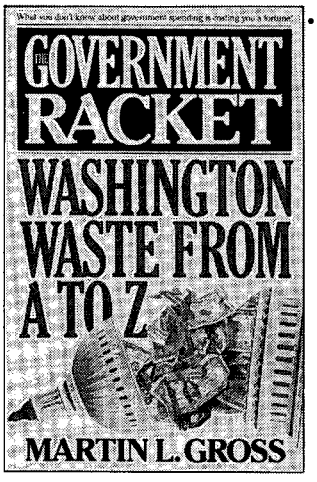

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LETTERS

percent to 41 percent.

The 25th was never a "safe" Republican district. It was a newly created toss-up where we had a chance to win if the Democrat turnout didn't reach beyond 65 percent.

I am a practicing Roman Catholic, I don't deny. The Catholic Church is anything but an operative of the political right. I made a decision to keep a very low profile on social issues, preferring to stick to economics because polling indicated that voters were interested primarily in education and the economy. My opponent rarely brought up social issues, obviously for the same reason. How, then, can one conclude that I was done in by the Christian right?

The leftist press is obsessed with the abortion issue. When asked by reporters where I stood, I responded with my position and moved directly back to the economic issues that drove my candidacy. When reporters stayed on the abortion track, I refused to talk with them unless they would address the issues *I* wanted to talk about.

This hardly showed me to be a captive of the Christian right. Nor did I receive money from any group bearing the name "Christian" in my campaign. I did receive donations from people, including business leaders, who are Christians.

The leftist press would have us all believe that anyone with a Christian donor or volunteer in her political camp is doomed. Not so. Larry Bowler, Kathleen Honeycutt, Curt Pringle, Ray Haynes, and Bernie Richter are Republican Assembly candidates with levels of Christian support similar to my own who won their seats in the last election.

I am sorry to see REASON falling prey to what amounts to the paranoid discrimination against Christianity in general that is rampant in the leftist American press today. This misplaced paranoia must not be given credence. There are immense numbers of anti-tax, anti–big-government, pro-market, free-traders who oppose abortion on demand for scientific and human-rights reasons rather than on religious grounds. They don't deserve the treatment afforded them by a biased press with its own agenda.

Barbara Keating-Edh
Modesto, CA

VIRGINIA POSTREL WAS off base in suggesting that the victory of Colorado's Amendment 2, which bars localities from granting gays and lesbians civil-rights protections and voids gay-rights statutes in Denver, Aspen, and Boulder, was a victory against state regulation. Drafted with the aid of Pat Robertson's Christian Coalition and vigorously backed by fundamentalist groups, Amendment 2 is nothing for libertarians to celebrate.

It's one thing to oppose anti-discrimination laws across the board, but Amendment 2 forbids just one group from inclusion in civil-rights ordinances—gays and lesbians. During a campaign filled with homophobic vitriol, gays were condemned for comparing themselves to "legitimate" minorities with legitimate rights. Stigmatizing homosexuals was, in fact, the amendment's primary rationale, and since its passage anti-gay violence throughout Colorado has risen precipitously.

Moreover, libertarians should find it onerous when a state tells a locality what manner of legislation it can or cannot pass and intolerable when local laws approved by local citizens are voided by the state. Keeping decision making local is the heart of true democracy. With the Christian right now working to put Colorado-style initiatives on the ballot in at least eight other states, repealing Amendment 2 would send a strong message in support of the "traditional values" of individual liberty and local governance.

Stephen H. Miller
New York, NY

I'M SURPRISED TO SEE you call Oregon's Measure 9 a product of anti-gay bias. Measure 9 was the truth, and the truth isn't bias.

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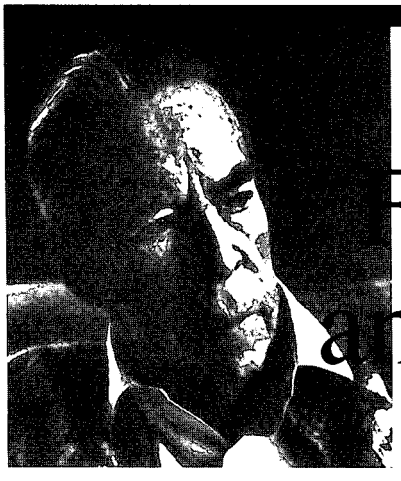

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Lionel Ledbetter
Adamsville, AL

Ms. Postrel replies: As those who read past the first third of my editorial know, I'm well aware that the economy was the primary issue in last fall's election campaign and George Bush's dismal record on taxes, spending, and regulation contributed mightily to his downfall—and to the failure of campaigns backed by Bush emulator Pete Wilson (who has since become a fiscal conservative). That in no way detracts from the fact that November 3 was a bad day for those social conservatives generally lumped together under the "Christian right" flag. In evaluating the evidence, it's important to keep in mind that both the religious right and their enemies—suspicious reporters and activist groups such as People for the American Way—have a strong interest in hyping the power and success of the Christian right.

No election result hinges on a single issue, because different issues matter to different voters. Certainly Henry Butler was hurt by allegations about his "youthful peccadilloes"; but driving away suburban voters suspicious of connections with the religious right also hurt him. Similarly, Barbara Keating-Edh's defeat had multiple causes, including the Nader attack. But her own desire to emphasize the most important issue of the election year—the economy—was thwarted by reporters obsessed with social issues (and the California media persistently portrayed her *primarily* as a social conservative). This suggests that the "Christian right" tag was a negative, not a positive.

Indeed, the persistent complaints among social conservatives about the media's obsession with abortion and Murphy Brown ("a biased press with its own agenda") suggests that such associations hurt; in 1988, when the press reported on the Pledge of Allegiance or Willie Horton, the reports helped George Bush—whatever the intentions of their authors. The same cannot be said for the press's portrayal of the Republican convention as a rally of the religious right. When the speeches were made, the poll numbers rose, but once the "religious right rally" spin was in place, they started falling. Suburban America, the key to the Republican resurgence, is discomfited by extremism, religious or otherwise, and pro-market women were turned off by what was portrayed (for the most part unfairly) as a GOP determined to keep them barefoot and pregnant. It's worth

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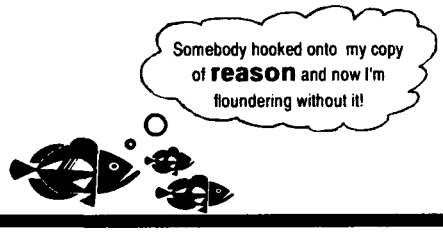

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noting, in this regard, that Bruce Herschensohn won among California men, for whom social issues are less important than economic and foreign-policy matters.

Finally, the gay issue. Mr. Miller is quite correct that there is something mean-spirited about singling out a particular group for exclusion from special civil-rights protection. But the *swing voters* in Colorado—the ones who would not have voted for Oregon's Measure 9—were far more concerned with regulation than with oppressing gays. These Coloradans simply said "Stop" to the seemingly endless proliferation of protected categories that divide people into favored and disfavored classes and infringe on freedom of association (the very freedom the law has historically denied gays). As for local democracy, it may or may not be good for individual liberty—witness 19th-century slavery or 20th-century sodomy laws.

I include Mr. Ledbetter's hate-filled and ignorant diatribe to demonstrate to future Republican candidates just why middle America may find social conservatism, in its more-vitriolic form, a turnoff. And I'd like to point out, for the record, that Ted Bundy—among others—was a heterosexual and that among the many gays and lesbians I have known not a single one has pursued serial killing as a hobby.

Medved vs. Hollywood

I've been repeatedly annoyed by the unappealing and sometimes repulsive qualities of so many recent motion pictures. Accordingly, I was inclined to attribute a degree of plausibility to Michael Medved's famous theory when I encountered it in articles in various periodicals. That was until I became thoroughly convinced to the contrary by Charles Oliver's excellent review of Medved's new book, *Hollywood vs. America* ("It's Not a Wonderful Book," Feb.). Mr. Oliver is to be congratulated for his very insightful analysis.

It is encouraging to note that Medved is not advocating censorship. And I hope he understands that his aspirations for the

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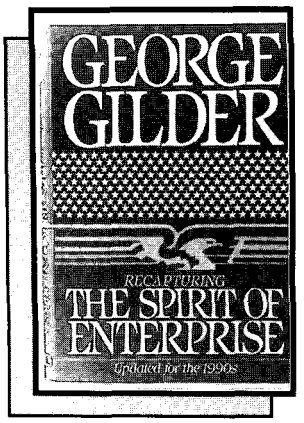

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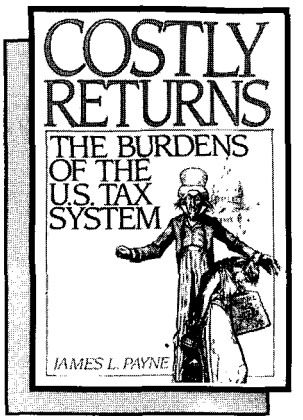

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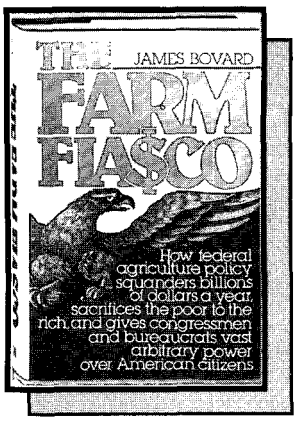
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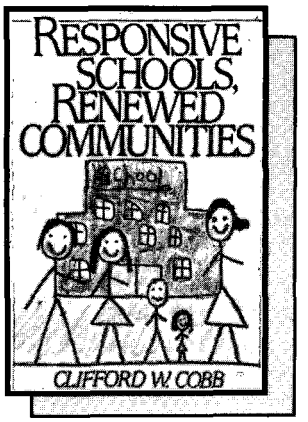

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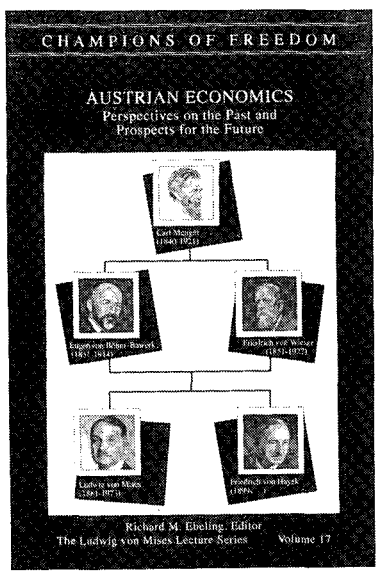
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LETTERS

quality of movies are much more likely to be realized by keeping their production and distribution in as free a market as possible. If Medved's thesis were correct, and "Hollywood" were actually refusing to produce the kind of movies the majority of patrons prefer, a new Hollywood would soon get rich by satisfying that unmet demand. The makers of unwanted movies would suffer financial losses and eventually disappear, or at least decline.

In short, the kind of problem Medved laments simply cannot exist for very long in a free market. And so the real issue of concern is not scheming movie moguls so much as the aesthetic preferences of the majority of our fellow citizens, which are largely a function of our culture, reflecting a varied mix of compatible and conflicting philosophies.

Joseph Curran
Daly City, CA

I WAS DISAPPOINTED and somewhat shocked by Charles Oliver's negative review of *Hollywood vs. America*. To give Mr. Oliver the benefit of the doubt, I will assume that he must have had something else on his mind while reading the book, he must not have raised children over the past 20 years, and he probably lives in a media center such as Los Angeles.

According to Mr. Oliver, the book claims that the market has failed to "punish" Hollywood for ignoring the tastes of the majority of the American market. This is the exact opposite of the book's hypothesis. The facts that the market for films has drastically declined, that several prominent film companies are now in bankruptcy, and that network television has lost market share speaks well for the functioning of the market system.

What we have here is case not of market failure but of business failure. Is all of this due to the underlying values reflected in these films? Probably not, but no business or industry can ignore its customers and survive in the long term.

This point is reinforced by Mr. Medved's analysis of film success by ratings. The movies that more closely matched the tastes of the larger segments of the market were the most financially successful. The success of Disney is the perfect example.

Mr. Oliver spends an inordinate amount of his review discussing *Home Alone*. This film is only mentioned in two brief passages in the book. In the chapter on "Maligning Marriage," Mr. Medved lists it among those few that "showed devoted husbands and loyal wives who face adversity together." This is a positive from the author's perspective. The second reference occurs in the chapter on "Kids Know Best." Although *Home Alone* and the other films listed were generally admired by the author as among the best family films offered to the market, he points out that they have a common underlying thesis: "that parents are corrupt, hypocritical clowns who must learn decency and integrity from their enlightened offspring." In *Home Alone*, he notes, "contemporary kids need adults for only one purpose: comic relief."

Maybe Mr. Oliver does not realize that, unlike adults, who usually watch a movie once, today's kids and teenagers watch some of these films over and over. Due to cable TV and VCRs, the impact of films on kids today is much greater than in prior generations; therefore, these issues are critical to parents who do not share Hollywood's subjectivist, "anything goes" values.

In "Art and Sense of Life," Ayn Rand stated that "art is man's metaphysical mirror; what a rational man seeks to see in that mirror is a salute; what an irrational man seeks to see is a justification—even if only a justification of his depravity, as a last convulsion of his betrayed self-esteem." Unfortunately, our children are constantly looking into a mirror created in large part by "irrational" people, at a time when their self-esteem and sense of life are being formed.

In a free society, parents need to control their children's viewing habits, and a book like this will encourage them to do so more diligently. I hope this book will also serve as a guide to firms in the entertainment industry that choose to pursue financial success; without it, they will not survive.

Samuel Silver
Greenville, MS

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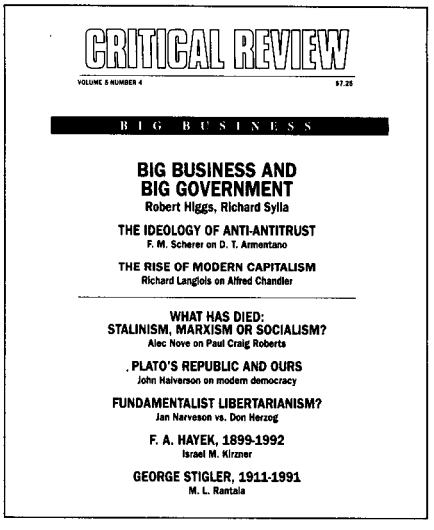
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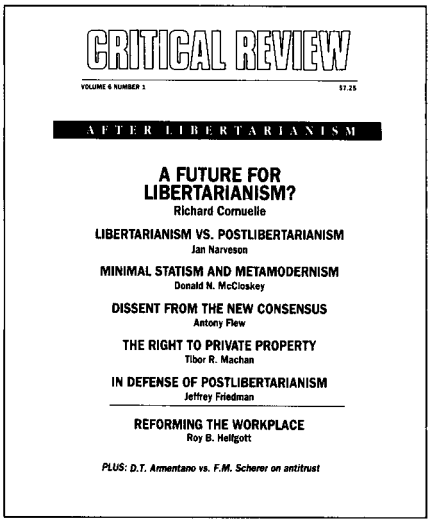

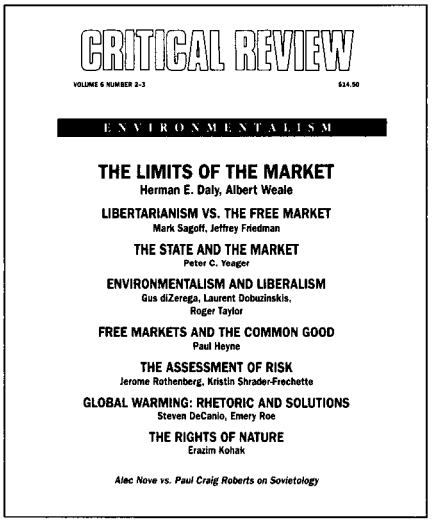
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LETTERS

IT'S NOT A WONDERFUL review. Mr. Oliver mischaracterizes the book's moral context, substituting a value-free notion of the market. After summarizing Michael Medved's thesis in terms of a Hollywood conspiracy to sell us bad products, he counters that the market likes these bad products just fine. He can then ignore the moral content and settle down to a defense of the free market. Only, Mr. Medved doesn't condemn the free market—that's not what the book is about.

This neutrality—that if the market likes it, it's OK—ignores values in art. There are ultimately only two competing premises from which these values come: Is or is not human life, including the institutions that support it, good?

Mr. Medved's simple point is that mainstream Hollywood now *purposely* creates films that degrade human life, that say, in effect, human life is bad. No, the book is not about the failure of the market to punish debasing films (although Mr. Medved digresses on this when he needn't have). It pleads for something far different: some idea of human stature.

Ben Collum
Oklahoma City, OK

Mr. Oliver replies: To recapitulate, Medved argues that for over 20 years the entertainment industry has turned out products that do not merely hold no interest for its customers but that attack their most deeply held values. In the face of dwindling sales, Hollywood perversely continues to turn out these products; no one ever learns from his mistakes, and no entrepreneur ever sees an opportunity to serve this multibillion-dollar market, so tens of millions of consumers go unserved. Where I studied economics, that describes a market failure.

But it doesn't describe the real world. Hollywood is continually commissioning audience surveys to find out what people want. Entire final acts of movies have been rewritten and refilmed because they tested poorly in preview screenings. TV shows are yanked off the air after one episode because ratings are bad. In short, the entertainment industry cares very much about what its customers want.

Mr. Silver cites Medved's "analysis" of

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LETTERS

films by ratings to buttress his contention that Hollywood ignores the larger market. I didn't discuss this in my review because I didn't believe anyone was gullible enough to think that it proved anything. I stand corrected. For those who didn't read the book, Medved argues that G- and PG-rated films have a higher median box office and are more likely to be among the year's highest-grossing films than R-rated pictures. Since Medved doesn't supply the actual study and provides precious few details, we'll have to take his word for it.

The analysis is still flawed for several reasons. First, as Medved himself notes in another section of his book (apparently consistency is not a traditional value), the MPAA ratings tell us very little. A PG-rated film, for example, can contain loads of profanity and violence and even brief nudity. On the other hand, a film such as *Alive* which has no profanity, violence, or sexuality and is pro-religion gets an R-rating because the board thought that the airplane-crash sequence was too harrowing for younger viewers. Further, the ranks of R-rated films are inflated by small foreign films and art-house flicks that have no stars, small ad budgets, and play on only a handful of screens. And Medved ignores the fact that Hollywood produces for a *global* market. There is a *huge* market for action films in Asia and in the Middle East, and Europeans can't get enough of sexy films such as *Basic Instinct*. On the other hand, Disney's non-animated films, which do well in America, generally don't travel well.

Mr. Silver also cites the networks' dwindling share of the TV audience as proof that people are offended by popular culture. ABC, NBC, and CBS have indeed lost much of their audience to the Fox network and to cable, but one would be hard pressed to prove that these options are more wholesome than the networks. If people were really disgusted, they would not be watching TV at all, but they are. In fact, every year the number of hours the average American spends watching TV goes up.

Which brings us to the question of what all of this pop culture is doing to America. Those, such as Michael Medved and Messrs. Silver and Collum, who seem to think that Hollywood is leading America to

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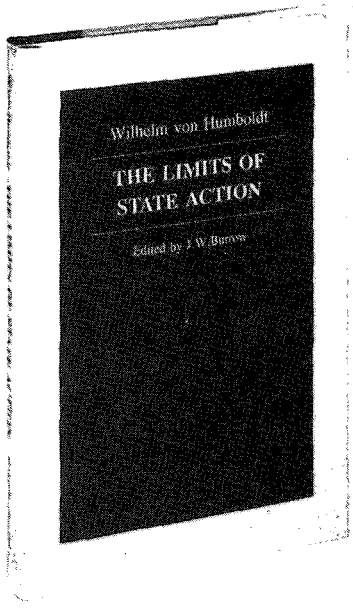

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LETTERS

hell have to answer a few questions. If films such as *It's a Wonderful Life* and TV shows like *Leave It to Beaver* were so socially beneficent, why did the generation—or a very large portion of it—raised on them turn to drugs and free love? If contemporary culture is so corrupting, why did the generation raised on it turn out to be so conservative politically and socially? If the violence in pop culture is responsible for the violence on our streets, why did the rise in violent crimes begin in the early 1960s, before the strictures on screen violence were abolished, and why did violent crime taper off in the late 1980s, when violence on TV and in the movies was soaring? I could go on, but you see the point. To ascribe a significant portion of the world's ills to the influence of popular culture is wrongfully simplistic. In short, Mr. Curran got the point.

Science Scribblers

Thanks to Jonathan Rauch for his review of Freeman Dyson's latest book ("A Little Science," Jan.) and for publicizing Dyson's belief that "the world of science and the world of literature have much in common." The noted computer scientist Edger Dijkstra expresses a similar thought in *Selected Writings on Computing: A Personal Perspective*.

Like Dyson's *From Eros to Gaia*, Dijkstra's book is a collection of writings and speeches. In "How Do We Tell Truths That Might Hurt," Dijkstra says about the field he and I share: "Besides a mathematical inclination, an exceptionally good mastery of one's native tongue is the most vital asset of a competent programmer."

Dijkstra and Dyson aren't alone in seeing interdependencies between the sciences, literary art, and verbal mastery. I note with pleasure that many of today's best technical minds articulate the need for a much broader spectrum of education and personal intellectual competence than collegiate technical majors typically provide.

I am encouraged by Dyson's view of science as a human activity that not only engages but requires the whole, well-rounded person. Pursuing my own "well-roundedness" is what initially brought me

to REASON, and Rauch's article reminded me of why I subscribe.

Jim Merritt
Capitola, CA

Selecting Service

I appreciated the article by David R. Henderson ("For College and Country," Feb.). The roots of national service in the United States go back to World War I, when programs of education, training, Americanization, and even health were coupled with military training and service. Some proponents of "preparedness" wanted boys as young as 8 in a program of "universal military training." ROTC and Jr. ROTC were among the outcomes of those efforts.

The nature of each subsequent cry for national service has depended upon whether the nation wants more soldiers or more low-paying jobs or both. This carrot-and-stick approach was used during the Vietnam War, when the Selective Service engaged in "channeling," whereby deferments from conscription were given to those who entered training or service in government-approved classifications. More-recent rules have withheld education and training from persons who could not claim they had obeyed Selective Service regulations concerning draft registration.

Within the last five years at least a dozen national-service bills have been introduced in both the House and the Senate; most are "voluntary"—the carrot. They would establish a citizen corps or service on federal, state, and local projects, and on Indian lands. They would be full- or part-time and for persons as young as 15. And, of course, military "service" would be an option.

Naturally, legislators don't like to talk about the stick: a draft or reductions in funds for non-participating programs. The government will use its power and its purse to "channel" its youth. Yet every plan for national service has one overriding component: nationalism, the citizen's duty to the state. Call it "service," if you like.

William F. McLoughlin
Harpers Ferry, WV

We congratulate Reason Foundation's staff and *Reason* magazine's co-founding editors, including our partner, Manny Klausner, on *Reason*'s 25th anniversary.

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Room to Boom

Both Hong Kong and Israel are small countries with few natural resources; both have highly educated populations and conveniently located ports. Yet Hong Kong bustles while Israel stagnates, largely because Israel's tax and regulatory environment is far less hospitable to business. Recognizing this fact, the Israeli government may be ready to try a little bit of Hong Kong in the Middle East.

In January, Israeli Finance Minister Avraham Shohat announced that he had approved the creation of the country's first free export processing zone. The FEPZ would be an island of relative laissez-faire in a heavily controlled economy: no tariffs (except on exports to Israel proper), no taxes except for personal income tax (at least initially), no state-supported monopolies, no price controls, no onerous land-use regulations or licensing procedures.

If, as expected, the Israeli cabinet approves an FEPZ bill, the Knesset could vote on it this summer. "My guess is that Israel will have an FEPZ," says David Yerushalmi, CEO and chairman of Israel Export Corp., a group of 28 Jewish-American investors who hope to develop the zone. He estimates that the industrial park, which would occupy about 500 acres in the Negev or Galilee, could attract about $750 million in foreign investment and directly create some 20,000 jobs.

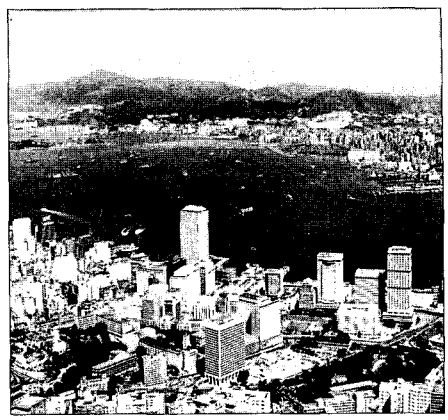
The FEPZ concept, promoted in Israel by the Institute for Advanced Strategic and Political Studies, has been around for years. It may seem odd that it took a Labor government, rather than the ostensibly more market-oriented Likud Party, to implement it. But Labor was elected with a mandate to revive economic growth, Yerushalmi says, and "they have to do something."

The key to moving ahead with an FEPZ was getting Shohat on board despite opposition from organized labor and bureaucrats in his own ministry. Yerushalmi convinced Shohat that, rather than subsidize foreign investment, the government should remove some of the obstacles that discourage companies from doing business in Israel. For example, government approval for a new business project can take up to two years. Under the FEPZ proposal, the zone's managers would have to act on applications within 30 days.

"We have a lot of interest from companies," Yerushalmi says. The zone would be designed to accommodate 50 to 75 businesses in fields such as biomedical products, telecommunications, data processing, computer software, and financial services.

If the first FEPZ is successful, there will probably be more, and Yerushalmi predicts that their example will encourage broader economic reform. "Privatization will take on a new meaning," he says. "Once they see what private industry does, they'll want to extend the benefits."

—Jacob Sullum



Will Israel take an economic cue from Hong Kong?

We, the Paying

"We pay too much for health care." Everyone agrees on this. What we don't agree upon is who "we" are. Most of us think that our own personal medical bills are too high. But in fact, they are highly subsidized—directly and indirectly—by government. And that's what those people in Washington, D.C., mean when *they* say we spend too much on health care. Direct government spending has increased from 24 percent of all health-care spending in 1960 to 42 percent in 1990. Today 63 percent of all hospital costs are paid by government, and almost half of all physicians' costs are borne by the public sector.

SPENDING ON HEALTH CARE BY PAYER

(Percentages)

SERVICE	OUT-OF-POCKET	INSURANCE	OTHER	PRIVATE	GOVERNMENT
Hospitals	4.5		27.1	5.1	63.3
Home Care	11.4		5.9	7.0	75.7
Physicians	16.5		35.3	0.0	48.1
Other health professions	24.7		31.1	10.8	33.4
Nursing Homes	42.7		0.9	1.9	54.5
Dentists	47.0		34.1	0.0	19.0
Vision Products	63.0		8.4	0.0	28.6
Drugs	68.3		12.2	0.0	19.4

Source: National Center for Policy Analysis

RAY CRANBOURNE

Women's Work

Thanks to the backlash against feminism, the 1980s were even worse for women in the workplace than for men—or so the story goes. But often-ignored statistics tell a different tale.

More and more women have found work in recent years: Although just half of women between the ages of 25 and 44 were working in 1970, that figure jumped to 70 percent by the mid-'80s and will reach about 80 percent by 1995, reports Roger Selbert in his newsletter *FutureScan*. Accompanying the increase in working women are increases in wages, advancement, and training and education.

The biggest reason for the continued misunderstanding about women's economic status, Selbert says, is that women's median pay as a percentage of men's (which rose from 60 percent in 1980 to 72 percent in 1990) is depressed by including all women of all ages in all jobs. "Women under 20 already earn 92 percent as much as their male counterparts; those 21 to 24, 85 percent; and those 25 to 34, 78 percent," he writes, adding that "the wages of women who have never left the work force for any reason, including childbirth, approach 100 percent of their male counterparts."

Today more women are successfully climbing the corporate ladder. Last year the number of corporate boards appointing women reached a high of 60 percent, according to a survey by Korn/Ferry International, a recruiting firm. Feminists might argue such advances aren't good enough, but Selbert points out that "even for men it takes, on average, 25 years to reach the rank of president and 30 years to make chairman. Women have been managers in significant numbers only since the mid-1970s." He notes that today about 30 percent of working women are professionals or managers, comparable to the figure for men.

And in *Our Wildest Dreams*, a new book on women entrepreneurs, Joline Godfrey reports that the number of women-owned businesses increased sixfold between 1972 and 1987. They now employ as many people as the *Fortune* 500.

—Elizabeth Larson

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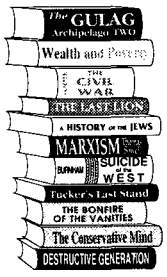

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BALANCE SHEET

Assets

Nifty NAFTA. A study by the International Trade Commission concludes that the North American Free Trade Agreement will boost sales of American auto parts, computers, and textiles (!). With NAFTA in place, the ITC says, national income will rise slightly here and in Canada but by as much as 16 percent in Mexico.

Cease Fire? Bill Clinton downgrades the drug war. He cuts the Office of National Drug Control Policy staff from 146 persons to 25. Potential drug czars include C. Everett Koop, who emphasizes treatment rather than enforcement, and former Rep. Ben Jones, a.k.a. "Cooter" in *The Dukes of Hazard*. Fumes former czar Bill Bennett, "They're now going to turn [this office] into a prop."

Breaking Waves. At last, Bill Clinton borrows a substantive idea from Ronald Reagan: auction off part of the airwaves. Clinton would sell portions of the electromagnetic spectrum that aren't in use. Selling the airwaves will both fatten the federal treasury and rush HDTV, pocket telephones, and other new technologies to consumers.

Lecture Free. Greenpeace, Nader organizations, and other left-wing groups have long used mandatory student fees at state universities to finance lobbying and other political activities on college campuses. The California Supreme Court now rules such coerced political funding unconstitutional.

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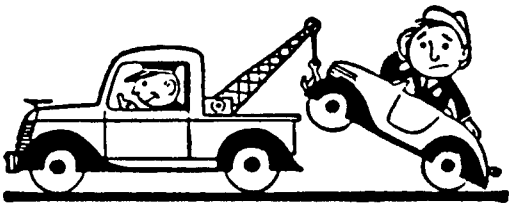

Rip-Off City. Don't get lost in Portland. On a typical day, police there seize between 16 and 18 cars from drivers they *believe* are soliciting prostitutes. Even if a car owner isn't charged, he must pay for towing, storage, and court costs. *Governing* reports that Washington, D.C., Long Beach, and Milwaukee have similar laws; officials from 60 other cities are considering their own auto-forfeiture programs.

Oxycute It. Carbon-monoxide levels across California dropped by 33 percent last winter. But less than one-third of that improvement—10 percent—resulted from the use of oxygenated gasoline. (See Trends, Mar.) The Air Resources Board says winter storms removed twice as much carbon-monoxide from the atmosphere as the costly, low-mileage fuels.

Speech Code. A bill introduced by Sen. Fritz Hollings (D-S.C.) would make the Fairness Doctrine law. Repealed by FCC chairman Dennis Patrick in 1987, the Fairness Doctrine required radio and television stations to air "discussion[s] of conflicting views on issues of public importance." Radio fans who want to hear Rush Limbaugh may have to put up with Jim Hightower, too.

Ties Die. The next time you visit the nation's capital, bring plenty of lunch money. D.C. Mayor Sharon Pratt Kelly wants to raise the annual license fee for street vendors from $150 to $1,500. Many of these entry-level entrepreneurs, who sell food, umbrellas, neckties, and souvenirs at rock-bottom prices, barely survive as it is. Want a chili dog with relish? Try RFK Stadium—during football season.

—Rick Henderson

Roman Path

Most Italians do not consider users of illegal drugs to be normal, but lately they seem less inclined to view them as criminals.

In January the Italian government issued a decree that decriminalized most drug use. From now on, possession of up to three "average daily doses" will be punished by administrative sanctions, such as passport or driver's-license suspension, rather than prison terms. The decree acknowledged the failure of a harsh 1990 law that doubled the number of Italians behind bars.

A ballot measure scheduled for this spring would go even further, abolishing the automatic, quantity-based distinction between possession for use and possession for sale. Instead, it would charge judges with making the determination in each case, based upon evidence of intent.

A survey conducted last November by the polling organization Demoskopea on behalf of RED, a drug-law reform group, found that 51 percent of Italians support some kind of legalization. Five percent said all types of drugs should be available in supermarkets and tobacconists. Ten percent said hashish and marijuana should be sold by tobacconists but cocaine and heroin should be available by prescription only. Thirty-six percent agreed with respect to hashish, marijuana, and cocaine but wanted heroin under stricter control.

On the other hand, the poll found that misinformation about drugs is prevalent. Sixty-three percent of the respondents believed that users of soft drugs always move on to hard drugs, and 81 percent said anyone who uses heroin will become addicted. Only 26 percent agreed that "many drug users are not addicts and are able to lead a normal life."

Despite negative attitudes toward drug use, a RED spokesman told Italian reporters, "the dramatic failure of the drug policy is so glaringly evident that the Italian people are ready to try other solutions in order to change the situation."

—Jacob Sullum

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- The Franklin half dollar was discontinued in 1963 before the silver hoarding of 1964 began, so it is likely fewer were saved. (Many experts believe so many Kennedy halves were saved that they will *never* be scarce!)
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look forward to the next 25 years of *Reason* magazine and continued work with the Reason Foundation to promote economic freedom and opportunity.

Pay as You Throw

Government-provided, "free" garbage collection, a solution to the urban muck of the 19th century, has created a new problem: ever larger heaps of trash at the curb. When households do not pay for garbage pickup according to how much trash they generate, they have little incentive to reduce their waste.

This simple fact helps to explain the waste-management problems facing many localities. In a 1990 survey of 246 U.S. cities, more than two-thirds of respondents said they paid for waste collection through local tax revenue or flat fees, allowing people to dump all they wanted at no extra cost.

That may be changing. A forthcoming Reason Foundation study finds that "pay-as-you-throw" systems are on the rise. Just a year ago, about 200 cities nationwide had adopted schemes in which households paid for waste service based on how much trash they put out. By 1993, the number of "pay-as-you-throw" systems had climbed to at least 1,000. Another 800 communities plan to introduce variable rates this year.

Lisa Skumatz, author of the study, writes that "communities that implement variable rates in conjunction with recycling programs have routinely reported between a 24 and 45 percent reduction in waste tonnage going to disposal facilities." The absolute number of trash bags or cans set out for collection also drops, sometimes precipitously.

Skumatz cites the village of Hoffman Estates, Illinois, which "noted a decline from an average of 3.1 units set out to 1.3." In some instances, such declines have led to reductions in the waste bills of consumers, even with the additional expense of recycling programs.

Some communities report that a few residents have responded to the new payment system by leaving household trash on roadsides or carting it to commercial dumpsters. But Skumatz concludes that the illegal-dumping problem is relatively small and easy to manage.

—Lynn Scarlett

Keys to the Highway

When Bill Clinton presented his economic plan to Congress, his call for massive tax hikes got most of the attention. But buried in the plan was a pledge to build a national electronic "data highway" that would deliver information and entertainment directly to people's home televisions. Although President Clinton claims he's trying to reduce the federal deficit, he'd like to spend upwards of $17 billion over the next four years on putting together this electronic superstructure.

Building a telecommunications highway became one of Clinton's campaign promises last fall, probably upon the insistence of Vice President Al Gore. Gore had been pushing the idea for at least six years in the Senate.

But in the years between Gore's original call for an electronic highway and the delivery of Clinton's economic proposals, private cable companies such as Tele-Communications Inc., Time Warner, and Cablevision Systems Corp. began constructing their own data superhighways. So Clinton's pledge came as a shock to many in the telecommunications industry.

Christopher Dixon, a media analyst for PaineWebber, told *Electronic Media* that the Clinton administration doesn't seem "to recognize that private enterprise has already built a super telecommunications highway in this country."

—Charles Oliver

Spurious Spinoffs

Throughout last fall's presidential campaign, Bill Clinton and Al Gore argued that environmental regulation can foster economic growth by creating jobs and encouraging the development of new technology. In a recent paper, Rochester Institute of Technology economist Thomas D. Hopkins takes aim at this misconception.

In "Regulation and Jobs: Sorting out the Consequences," available from the Center for the Study of American Business at Washington University, Hopkins focuses on the concept of opportunity cost: foregone alternative uses for labor and capital. Since the resources used to comply with regulations would otherwise have been used to produce goods and services, he notes, job and technology creation is actually a cost of environmental regulation rather than a benefit.

"Just because compliance with a regulation causes an industry to hire 500 people is no indication of any benefit," Hopkins writes. "Presumably few would applaud a requirement that 250 people be hired to dig trenches and another 250 to fill them. For a regulation to generate benefits, it must result in some environmental improvement *from* the jobs. The jobs themselves are not a benefit. Otherwise, simply throwing money at a problem (which always gets at least someone a job) could look respectable, and featherbedding regulations would be encouraged."

Rather than producing a net increase in jobs, Hopkins notes, regulations are likely to shift labor around: More people are employed to process waste, for example, and fewer to produce goods and services. This shift may be worthwhile if the environmental gain is great enough, but the wages paid for the new jobs should be viewed as a cost.

Similarly, technology developed to comply with environmental regulations uses resources that would otherwise have been employed elsewhere. "When one technological innovation is pursued as a result of regulation," Hopkins writes, "another necessarily is not—firms have limited research and capital budgets, after all. It is...highly implausible that firms, in the absence of regulation, would be allocating their funds to the less profitable investments."

Hopkins calls for a more honest approach to evaluating proposed environmental regulations—one that considers the opportunity costs of shifting labor and capital from production to environmental protection as well as the direct costs of compliance.

—Jacob Sullum

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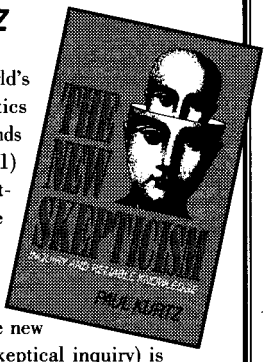

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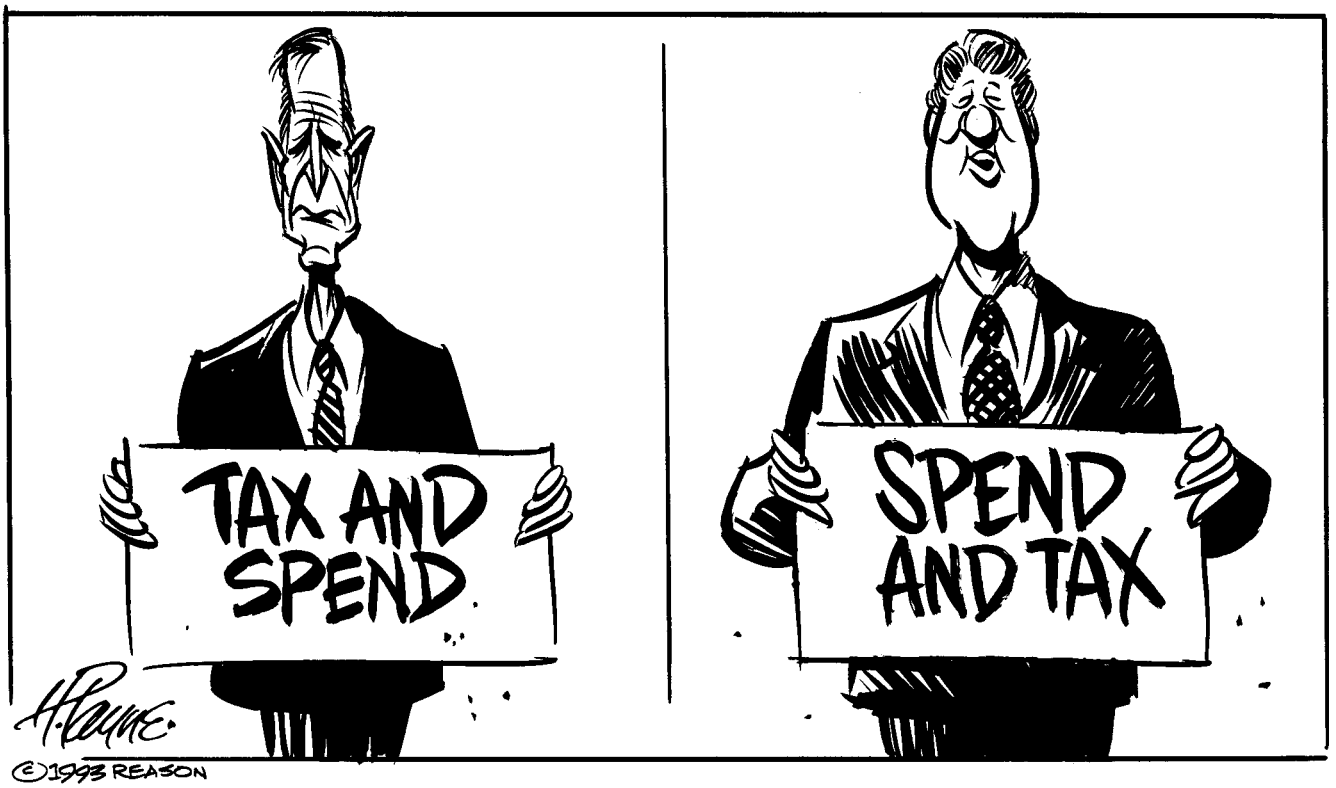


HENRY PAYNE

CHANGE

Seattle rock promoters have discovered a way to deal with rowdy crowds. Before shows and between musical acts, the cameras of an arena's giant-screen television are trained on the audience. Inevitably, girls in the throng bare their breasts for the cameras. The sight of 50-foot breasts always seems to have a soothing effect on the crowd. So much for that "porn causes violence" theory.

Former jockey Willie Shoemaker was left paralyzed after an auto accident a couple of years ago that authorities blamed on his drunk driving. Of course, he has now sued the state of California for negligence for failing to put up guard rails on the stretch of highway where he crashed.

Can an 8-year-old with Down's syndrome who has an I.Q. of 59 and a mental age of less than 4, who is not toilet trained, whose speech is unintelligible, and who persists in loud behavior be appropriately educated in a regular classroom without disrupting the rest of the children? A federal court in New Jersey says yes and has ordered the Clementon School District to "mainstream" Rafael Oberti.

In his attempt to improve the health of Californians, Gov. Pete Wilson has issued an executive order banning smoking in a number of public places, including death row. Gee, we wouldn't want condemned murderers to die a wasting death from cancer.

Worldwide, shark attacks on surfers and kayakers have increased dramatically over the last decade. Scientists put the blame on endangered species laws enacted in the 1970s. These laws led to an explosion in the number of sea turtles living near shore. Sharks are particularly fond of sea turtles and come into shallow water to catch them. But the predators can't distinguish between humans and sea turtles, so surfers wind up as shark snacks.

Harry Ross of Skokie, Illinois, runs a mail-order business called Soitenly Stooges, which deals in memorabilia from the comic threesome. He recently relocated to Highland Park and erected an eight-foot-tall sign depicting Moe, Larry, and Curly. But two Town Council members want to force him to remove the sign. They say, "The character shown on the far left of the sign [Curly Howard] is a slur to African-Americans." Somehow, I think the real stooges aren't the ones depicted outside Ross's business.

This is how an article in the Los Angeles teachers' union newsletter began: "More than three out of four people, 69% told the L.A. TIMES pollster that the February 23, 1993, strike would be justified." I'll give you three out of four guesses why people don't care if these teachers aren't working.

"We called the stolen car victim and told her we had some good news and some bad news," said El Cajon, California, police spokesperson Debbie Setzer. "The good news is that we recovered your car. The bad news is that we stole it." Seems that the woman left her car parked near the police station; officers thought that it was an unmarked police car and drove off in it.

The flight crew of a Miami cargo jet has sued the Drug Enforcement Agency over a botched drug sting. Two years ago, DEA agents in Belize placed 48 kilograms of cocaine on a DC-8 *without telling the crew*. When the plane stopped in Honduras on its return to Miami, local police discovered the drugs and imprisoned and tortured the flight crew. The crew was imprisoned for two weeks before U.S. authorities finally acknowledged that they had planted the drugs.

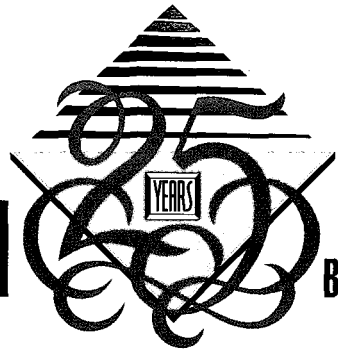
In Washington, D.C., Chelsea Clinton had a minor boo-boo at school and had to go to the nurse. Before treating the first daughter, the nurse was required to get parental permission. When asked which parent should be called, young Chelsea said, "Please don't call my mother; she's very busy."

—Charles Oliver

SCOTT STANTIS

25
YEARS
WHAT
NOW?
THE NEXT
QUARTER-CENTURY

OUT OF THE DUSTBIN



By Loren E. Lomasky

1968 was a very good year for the Detroit Tigers, who won the World Series behind the improbable three victories of Mickey Lolich. It was also a good year for a mimeographed broadside born as a labor of love that now, more improbable than anything Lolich tossed up against the Cardinals, has lived to celebrate its 25th birthday.

That just about exhausts the good side of 1968. On nearly every other front, grimness abounded. Despite repeated alleged sightings of the light at the end of the tunnel, the United States found itself mired in the muck of Vietnam and didn't know how to get out. Mao's minions waved little red books, whipped themselves into the frenzy of the great Cultural Revolution, and swore implacable hostility to the paper tiger United States. The wall disfiguring the face of Berlin like an ugly scar had for the past seven years served its architects' objective as prison gate and site of impromptu executions.

In 1968 Soviet troops, fraternally accompanied by Warsaw Pact cronies, marched across the borders of Czechoslovakia to terminate with extreme prejudice Prague's experiment in Communism with a Human Face. Leonid Brezhnev explained to the world that peaceful coexistence was all well and good, but of course it could not in any way impugn the historical imperative that not one square inch of territory that had been liberated from capitalist imperialist oppression would ever be allowed to wander from the socialist fold.

At home, too, it was bad. A Kennedy and a King were gunned down by assassins, and American cities were put to the torch. People protested in the streets and parks outside the Democratic convention in Chicago and, for their troubles, had their heads broken by police night sticks. An economy overheated by competing tugs of guns and butter had begun to fibrillate. Lyndon Johnson's Great Society was grating badly, and a rehabilitated Richard Nixon, proclaiming a secret plan for ending the war, was making his second run for the presidency. He would be successful despite the presence in the race of a third-party candidate purveying populist rhetoric with a Southern twang.

How much difference has a quarter of a century made? Domestically, remarkably little. Police still crack heads open, and a great city burns. Citizens rendered grumpy by two years of economic despond toss out a tired administration and replace it with one brandishing a new set of promises. (The third candidate's cracker-barrel manner plays well on the tube but doesn't measure up in the vote column.) The gulf between black and white, rich and poor, the housed and the homeless grows. Or perhaps it shrinks, but not enough to put any social policy wonks out of business. And the amazing Richard Nixon, riding the crest of his latest resurrection, is the pundits' most quotable senior statesman.

But if within American borders the more things change the more they stay the same, it's quite otherwise on the international stage. Change has been nothing less than seismic. Communist Czechoslovakia is no more, Czechoslovakia is no more, the erstwhile Soviet oppressor is no more. Shards of the Berlin Wall are 10,000 souvenirs of freedom.

China has decided that to become rich is good, and even Vietnam is considering how market arrangements might lift its basket case of an economy out of the doldrums. Of the old guard only Fidel remains, but his country is even grayer and more frayed than his beard. The Brezhnev doctrine is as defunct as its formulator; now it is liberal democracy whose march seems inevitable. Coining a phrase from Hegel, Francis Fukuyama has dubbed this denouement the "End of History."

Soviet totalitarianism's demise is good news, the very best news. The editors of REASON, a congenitally modest lot, decline to take all the credit for these glad tidings, but only a churl would complain if they do some basking during this month of anniversary celebration. The world during the next 25 years will almost certainly be a safer place, most likely a more prosperous place, and already it is a place orders of magnitude freer than was the case only a short while ago.

No one supposes that we have seen the last of petty despots; they will thrive in the future as they have in the past. But the essential point is that these despots are indeed *petty*. They are not the vanguard of a wave that threatens inch by inch to overtake free societies. The overtaking is now proceeding in the other direction, and it advances with breathtaking quickness. The happiest scenario one can envisage is that these next 25 years will be a mopping-up exercise, and that REASON will be there to keeps its readers apprised of the details.

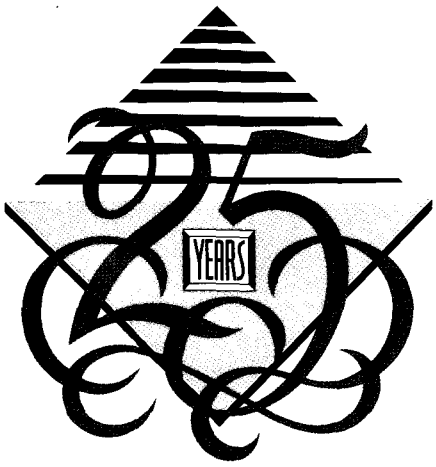
In 1968 to be a pessimist about world freedom was to be a realist. (That is why Henry Kissinger's doleful Central European vocal inflections and hangdog countenance were even more appropriate to his times than were his policies.) Are 1993's realists, by way of contrast, the optimists? Perhaps. But before concluding that the great ideological wars that have been waged since the French Revolution have now been terminated, with liberal democracy and free-market economics the undisputed victor, it would be well to consider from where other challengers might emerge. Victories have a way of proving all too temporary.

Recall that during the 1930s it was the fascist dictatorships that seemed to be the tide of the future. While the Great Depression ravaged the democracies, Hitler, Mussolini, Franco, and Tojo flexed. 1945 put paid to their aspirations, and the world breathed a collective sigh of relief. But rather than moving into an era of peace and freedom, we immedi-

ately lurched into four decades of cold war. One formidable threat replaced by another: Might that not be the menu for the '90s and beyond?

Generals are notorious for preparing to fight the last war. That's foolish. But it is even more foolish to suppose that the war one has fought was the war to end all wars: It takes a celebrated statesman or an intellectual to entertain an idea that grand. (The sorry follow-up to World War I is largely attributable to the fact that Woodrow Wilson was both.) Pentagon brass who lobby to carry on as if the Cold War were still at its delicious peak merit little credence.

But neither do those who, itching to spend the "peace dividend" a hundred different ways, declare that the international order is now assured. Challenges to liberal democracy will almost certainly be less apocalyptic than they have been during the post–World War II era, but they may, nonetheless, be nasty. And, contrary to the "end of history" thesis, they are apt to be more blatant than those launched by the commissars. The ideological battles to come, I wish to suggest, will be waged at a level even deeper than those of the past. Explaining why that is so is my excuse for a brief excursion into political theory.



Challenges to liberal democracy will be less apocalyptic than they have been during the post-World War II era, but they will still be nasty.

Although communism and liberalism have been sworn enemies for most of the preceding century, their fight has been internecine. Each is a child of the Enlightenment, and each professes a universalism grounded in reason and history, indeed in a history that is billed as rendering itself progressively more rational through becoming more universal. Both communism and liberalism present themselves as prescriptions not simply for this regime or that one, but potentially for all peoples and all states. The "potentially" indicates that not every society as it currently exists is ready to receive and to sustain the recommended political structure. Evolution from ignorance to awareness is required before the desirable culmination can be achieved. That is why history and reason are said to go hand in hand.

Early liberals contested the prerogatives of the crown in the name of the time-immemorial rights of Englishmen. But by the time these rebels found their philosophical spokesmen, the rights for which they struggled had been extended beyond the confines of the British Isles to all human beings. John Locke identified natural rights to life, liberty, and property as the birthright of all, knowable through the light of reason. American and French revolutionaries altered Locke's language at the margin but concurred.

Of course, theory didn't always comport with practice. Locke's eloquent defense of religious liberty was explicitly restricted to Protestants; Catholics and Jews need not apply. The same Thomas Jefferson who penned the Declaration trafficked in slaves, and the French revolutionaries who trumpeted the rights of man were less than attentive to the rights of the wretches carried off in tumbrels to the guillotine. The blessings of liberty were at first restricted to precious few.

But over time their scope widened. Religious freedom became more than the prerogative of Protestants, America commenced a century-long undertaking to extend the promise of liberty and equality to the slaves and the children of slaves, and liberals increasingly came to understand that the rights of man are the rights of women too. Nor was this the drift of happenstance or external compulsion; the theory's own logic of universalism led to its extension.

Communism also was born in opposition to particularist discrimination and exclusionary policy. By definition, claimed Marx, capitalism is predicated on the exploitation of one class by another. Indeed, the history of humanity has been a continuing saga of exploitation and division, including the division of man from himself. Separate and unequal social classes are grounded in the material conditions of production and sustained through direct invocations of force and less direct but even more efficient institutional devices for inculcating false consciousness. These arrangements are stable in the short run but over the long term carry the seeds of their own destruction. Capitalism is rendered possible through appropriating the surplus value of labor, but this creates a proletariat ever more hard-pressed that is forged by its oppression into a potent instrument of revolution. Ultimately the constraining bonds are burst asunder and the expropriators are expropriated.

Marx presented his account as descriptive social science and was explicitly scornful of bourgeois moralizing. From its first telling, however, the story carried more power as moral drama than as predictive science. For what it anticipated is the overcoming of alienation and the oppression of man by man. Once a classless society has come into being it will no longer be the case that some will labor and others will batten on the fruits of their labor. All people will be equal in the relevant sense: the ability to lead a truly human life. Artificial divisions of wealth, sex, talent, and, eventually, nationality will have been consigned to the dustbin of history.

Family fights are often the most intense, and the clash between liberal and Marxian ideals was incendiary. But on the most fundamental theoretical level what they shared was greater than that which separated them. Each proclaimed an all-embracing universalism grounded on a premise of human equality. Each presented a theory explaining its own relatively late arrival on the political scene as well as an account of why the waning of ignorance would inevitably be its own waxing. Each extended its promises to humanity as a whole. Only with regard to the details did they take issue. The family resemblance explains, I think, why so many basically decent people supposed that the conflict could be brokered, why liberals themselves split into opposed camps of anti-communists and anti-anti-communists.

That is not to advocate some specious doctrine of moral equivalence. Communism shared with liberalism the rhetoric but not the reality of universalism. The readers of this magazine hardly need to be told that liberalism's success in bringing practice closer to theory was never approximated, never even attempted by communist regimes. Thus, which would ultimately prevail was no trivial matter. But because the deepest presuppositions of liberalism and Marxism were similar, it is premature to conclude that the demise of the latter signifies a world converging on consensus concerning fundamental principles. The great conflicts of the next quarter century are likely to be waged on the territory they held in common.

The tolerance one might hope for in a nationality-defined state is a gift bestowed by a superior on an inferior. And it is a gift that can easily be taken away.

For a foretaste of post-communist *Sturm und Drang*, look toward the Balkans. There blood is being drained not in the service of some comprehensive, cosmopolitan ideal but because the blood in question happens to be Croatian or Serbian or Bosnian. The players are distinctively and ineradicably defined by nationality, and because that is so the game is necessarily one of exclusion. "Ethnic cleansing" isn't, as the commentators would have it, an aberration but rather the struggle's essence. Even if the methods were less sanguinary, the aim would be the same.

A Serbian (or "Greater Serbian") state is a government of the people, by the people, and for the people—but only if those people are Serbs. To be of some other ethnic background is necessarily to enjoy a lower status. Minorities at best enjoy toleration. Note, though, that this isn't "liberal toleration," in which each accords to all others elbow room to conduct their own preferred ways of life, subject only to the requirement that they similarly refrain from infringements. Liberal toleration is symmetrical, given by each and received by each. But the tolerance that one might hope for in a nationality-defined state is a gift bestowed by a superior on an inferior. And it is a gift that can easily be snatched away.

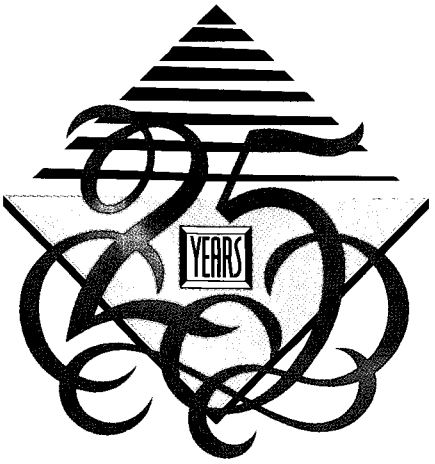
As the overworked folks at Rand McNally will testify, the process of comprehensive polities splintering into their component nationalities is well under way. The fissioning force (or fusion when, as with the two Germanies, a nation had been artificially divided from itself) seems to be irresistible. I don't mean to suggest that this is altogether a bad thing. By and large, the regimes that have expired were dreadful. Their demise was long overdue. But even if the successor states are more congenial, there will be bumps, some severe, along the way.

Most obviously, political restructuring will engender wrangling over who gets what. Even when a divorce is amicable, the parties may not see eye to eye concerning where the cutlery goes. If property settlements involve geographical boundaries, Black Sea battleships, or multibillion-dollar debts to foreign bankrollers, estab-

lishing appropriate terms will be especially tricky. And that's so in the best case, the one in which the parties are inclined to bargain rationally and coolly. If instead they view the breakup as an opportunity to consummate vendettas extending back to the Middle Ages, they will not only bloody each other's noses but also generate carnage and refugees that overflow onto neighbors. Hatreds will be contagious: Witness, for example, the current vicious outbreak of xenophobia in Germany. It is safe, therefore, to conclude that massaging trouble spots will be a growth industry during the next 25 years.

More subtle but potentially even further reaching is the fact that in an order of competing nationalisms the rights of individuals inevitably are subordinated to the claims of the collective. When private aspirations conflict with state imperatives, or even when they simply take another direction, people will be pressured to conform to the allegedly greater overarching good. To cite just one instance, elevating to a constitutional level the goal of nurturing French culture in an autonomous or independent Quebec will be bad news for anglophones and others who happen not to be wedded to a Gallic conception of the good life. Group rights and the obligations they impose are inherently illiberal. They are, however, likely to be in vogue over the next several decades in a world that increasingly honors the particular over the universal.

Recently de-Sovietized Eastern Europe and Asia may be the frontlines of the struggle for a free international order, but First World trends are also worrisome. Free-trade agreements increasingly take the form of clubs for the well-connected rather than, as with the General Agreement on Tariffs and Trade (GATT), domains open to all. As the Common Market evolves toward a United States of Europe it simultaneously embraces and repels. Constraints on economic activity and population movement are eliminated within the Lucky 12 nations but reappear as barriers proclaiming "Keep Out!" to non-members. Partly in self-defense the North American three establish their own free-trade (but not free migration) agreement.



Communism did not dispute but rather attempted to co-opt the liberal's ideal of universal equal rights. Now that ideal itself is under duress.

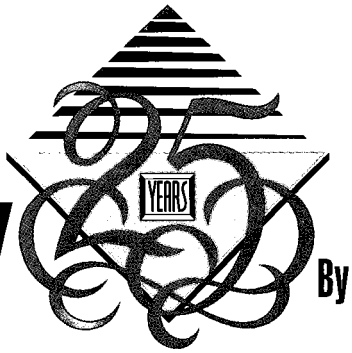
It's not impossible that the process will work out well, that these various partnerships will extend themselves and eventually merge into one global free-trade zone. But the more likely scenario is competing blocs playing negative-sum games against each other. Last year Europe and America briefly bobbed and weaved over grain and white-wine tariffs. Fortunately, they blinked before threats turned truly nasty. Next time—and there surely will be next times—the game may be played to a conclusion, as indeed it was in the 1920s, when the Smoot-Hawley bill helped precipitate the stock-market crash, a decade of economic depression and, ultimately, war. A world of haves jockeying for position while chanting "we've got ours" to hungry faces pressed against the window pane is a dubious prescription for peace or prosperity.

The epoch that ended when the Wall came down and the Soviet Union filed for bankruptcy witnessed the most sustained challenge ever launched against human aspirations for liberty, against the right of all individuals simply to be left alone to pursue their chosen ways of life. That assault, thankfully, has now been beaten back. The preceding remarks should not be interpreted as some kind of perverse longing for the "good old days" of the Cold War.

Rather, they are meant as a peek at new times, new foes. As fiercely waged as the challenge of communism was, it did not dispute but rather attempted to co-opt the liberal's ideal of universal equal rights—grotesquely transfigured, to be sure, into effective slavery for all. Now that ideal itself is under duress. We don't, for better or worse, find ourselves at the end of history but rather at the opening of a new chapter. How the narrative progresses and who gets to write it will have momentous global consequences. At any rate, there will be plenty to do for a not-so-modest-as-it-once-was journal dedicated to the cause of free minds and free markets.

Contributing Editor Loren E. Lomasky, a professor of philosophy at Bowling Green State University, is co-author (with Geoffrey Brennan) of Democracy and Decision: The Pure Theory of Electoral Preference *(Cambridge University Press).*

SCREEN PLAY



By Peter W. Huber

Until now, freedom of thought and speech—real freedom—has eluded every society that ever sought it. Even a free market requires defenses against theft, trespass, and coercion. In the marketplace of ideas, that means keeping the peace between the quiet and the loud, the retiring and the intrusive, the decent and the vulgar. It means maintaining some sort of control over the noisy and the nosy. Free speech is a right shared by two individuals simultaneously. Mutual consent is the key. Consent spells the difference between nudity in the bedroom and in a public park, between pillow talk and dirty words on the public radio, between courtship and sexual harassment.

But half a loaf of consent is much easier to find than a whole. My handbill is your litter, my political sound truck your interrupted rest, my radio broadcast your static, my street art your ugly graffiti, my cross burning your intimidation, my inept wooing your sexual harassment, my copyright your right to publish denied, my privacy your inability to pry, my pillow talk your vulgarity, my auto-erotic flashing your indecent exposure. Every right to speak collides with some reciprocal right not to listen, not to speak, not to watch, not to give away your own words, thoughts, or privacy.

And so, to maintain a fair balance between those who wish to watch or listen or speak and those who do not wish to be watched or heard or bothered, to protect the public against perverts who like to inflame and psychotics who react violently to inflammatory expression, even the most liberal governments have always relied on the city hall to license parades, on the courts to enforce copyrights, on employment commissions to prevent sexual harassment, on public censors to suppress indecency, hate, and incitement, on the police to suppress fighting words, on the state to protect the softly spoken from the loud and the retiring from the nosy. Who then stood up for the individual? The Party. Who protected privacy? Big Brother. Who protected free thought? The Thought Police.

Imagine now the world that awaits—a world shaped by perfect communication over any distance, between any pair, or any cluster, of "telescreens," a world in which records can be maintained and manipulated, combined and merged, moved and processed, effortlessly and at almost no cost.

In a telescreened society, free markets will be irrepressible. The genius of a market is that it elicits information about what people have and what they want. That information, however, becomes powerful only when it is communicated to others. The invisible hand has no power unless guided by visible eyes and ears. Guided by telescreen, the most powerful eye and ear ever imagined, nothing can stop it.

After all, what are the essential ingredients of a market? Communication, to connect together the willing buyer and the willing seller. Promises, so that trades begun today can be consummated tomorrow. Memory, so that promises will be kept. Memory, to record what belongs to whom. Promises again, to create all other rights beyond property rights, because all social norms depend on a shared commitment to enforce them. Promises again, by which honest traders agree to ostracize cheats, deadbeats, and thieves. Promises and memories, trust and loyalty: These are the essentials on which all else in the marketplace is constructed. And the telescreen is the greatest of all communicating machines, an electronic scribe of records and memory, a laser-light weaver of trust and loyalty.

Yesterday's Party abolished private property. The telescreen will recreate it. Private property is an idea, built around a memory and a promise. The old capitalists maintained vast records to track who owned which parcel of land. That was the memory. And they committed among themselves to defend each other's claims and possessions. That was the promise. Now we have the telescreen, the most powerful machine ever imagined for recording memories and communicating promises. With private property resurrected, and the telescreen at hand for trading it, the market will create prosperity beyond anything ever before imagined.

The giant trusts and corporations that evolved in the early days of capitalism will not reappear. The old corporation operated in the image of Big Brother, as a homogeneous, collectivist autocracy, dominated by a single, all-powerful leader. In the age of the telescreen no such structures can survive; independent yet tightly interconnected business groups, linked by telescreen yet disciplined in all their relationships by market forces, will replace them. In the telescreened world, people will be paid because they work, not because they show up daily on the factory floor or in some glass-walled office. Services delivered over the new network will be metered with absolute precision. Specialists will specialize as never before.

Labor supplied over the network will be valued with scrupulous care. People who really produce will be in high demand, and no one will care at all about their race or religion, their sex, their social graces, their physical appearance, or how they smell. Quality services will be purchased wherever they can be found, across the street or across the ocean. Inferior services will be priced accordingly, and incompetence will not be purchased at all, however much employment commissions may protest. No government agencies will even be able to keep track of what is being supplied where, still less dictate who should be employed or on what terms.

The factory will be irrevocably changed. A car manufacturer will become a truly efficient assembler of parts provided by hundreds of independent suppliers. Secretaries, accountants, designers—most of the enterprise's support services—will be

replaced by independent outsiders, knitted together into an efficient whole by the network. Suppliers, assemblers, distributors, and customers will be coordinated with meticulous precision. Even the largest factory will operate with no inventory, no warehouses, no fitful starts and stops caused by shortage of supply or excess of output. A customer's order will be conveyed instantly up the chain of production to the assembly line, and back further still to the factory's suppliers of paint, tires, and radios, and hence back to their suppliers of rubber and steel.

There will be little waste, few unsold goods, almost no friction. Industrialism no longer requires collectivism. In every collectivist society of the past, the aim was to make men resemble insects in the hope that they would cooperate as effectively. With the telescreen, the insect-men are dead. An almost anarchistic form of society is now completely compatible with industrialism and a high level of technical development. Freedom and organization can be reconciled. Cooperation will be by consent.

The old systems of marketing will be transformed beyond recognition. In primitive societies, the market operates with tiny stalls and without reliable currency; trading extends only as far as goods can be carried. In a barter economy, the seller exchanges the pig directly for a dozen chickens. Payment is assured, but the process is terribly cumbersome. In societies that are stable enough to issue currency and imbue it with value, money marks a great advance. It records value in a standardized form that is widely understood; it conveys value without any need to transport pigs or chickens. The paper itself is worthless, except for the information it conveys. Money, then, is just another network—a system of communication, a record of past effort and a promise of future return. With money, the record is on paper, a primitive, inefficient, and vulnerable medium of communication. And a single, master record keeper, the government treasury, with a single, centralized printing press, has absolute power to determine value.

But there is ultimately only one valuable currency: the currency of reputation, of stable, honest, reliable loyalty. Once it is established of a man, or a leader, or a nation's central banker, that his word is his bond, he can issue currency at will. Once it is established that he is a chiseler, a deadbeat, or a thief, no amount of currency will do him much good, for his paper will be shunned wherever he tries to peddle it. The value of money thus depends on trust and promises among the people who control the records. If the network is powerful enough, nobody controls the records, or at least no central authority does. Trust begins among individuals; then it coalesces among larger groups; then it coalesces in larger groups still.

People who really produce will be in high demand, and no one will care at all about their race or religion, their sex, or their social graces.

At their peak, the old capitalists trusted a thousand different private currencies in varying degrees: personal checks, stock certificates, bonds, credit-card slips, futures contracts, green stamps, patronage accounts of every kind. Even the primitive network at their disposal enabled them to confirm that an account had assets, that a business was functioning, or that an individual faithfully paid his bills. Private enterprises were already issuing countless private currencies, by verifying credit, clearing checks, evaluating investments, dealing in futures, and insuring risks. All this was done on a network that was pitifully slow and unreliable.

All the while, yesterday's capitalists knew that governments could never be trusted, that even in the best of times the Treasury was corrupt and melted down the official currency a little bit every year, and that in the worst of times governments would simply repudiate their debts, deny their memories, and disclaim their bank-note promises. But with perfect memory and communication, the government bank is no longer needed—currencies of every imaginable description will be created by the market itself, like all other goods. With the telescreen, virtually every kind of good can become the equivalent of a bank note, available for inspection, conveyance, and storage at any distance. The telescreen spells the end of ration books, coupons, and degraded dollars.

Money is just one example among many. Almost everything that now belongs to Big Brother can be returned to the market. Lighthouses for ships? With advanced communication ships can be tracked and guided privately. Air-traffic

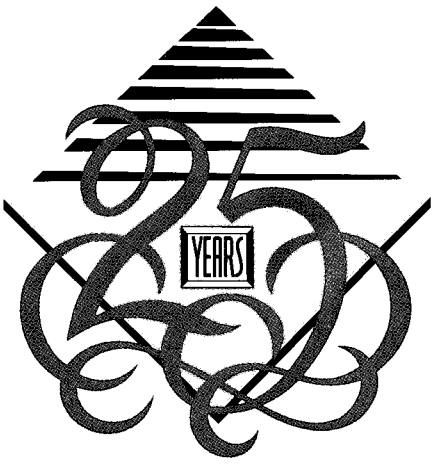
control for planes? Planes, like pedestrians, can avoid colliding on their own, if they can see far enough ahead and communicate fast enough among themselves. Pollution of the air and water? This too is ultimately a failure of private dialogue and negotiation, as to who is willing to pay how much for air, water, or land. Prisons for criminals? The most pathologically violent will still need to be confined, but most asocial citizens can simply be ostracized, or tracked by means of electronic collars, credit reports, or private references.

The rule of law will be reborn spontaneously in a telescreened society. Law is created by consensus. Consensus is created by communication. The telescreen, the most perfect communicator, is also the most perfect police force. Not because the wires lead to a Ministry, but because free and honest people will always take up the hue and cry against brigands and thieves when the alarm is sounded. Our ancestors relied on branding and mutilation—crude records of past transgression, crude promises of future ostracism. An advanced network can brand people too, but with infinitely finer calibration and far less cruelty.

The telescreen will bring about the greatest liberation in the most important marketplace of all, the marketplace of ideas. In the age of the telescreen, men's thoughts will be freer than even the utopian dreamers of yesterday ever imagined was possible.

In the best days of the old capitalists, freedom of the press still belonged only to the few who owned one. The telescreen will give voice to the average man, the man who has never before owned a printing press or a broadcast station. It will mobilize public opinion, giving every man a stake in free speech itself. Once large numbers of people have their own, private interests in freedom of speech, there will be freedom of speech, even if the law forbids it. By giving people the power to speak freely, the telescreen will also give them the right. No law, no Thought Police, will be able to change that.

The telescreen will resurrect memory too, and expand it indefinitely. The Party thought that history could be obliterated in a telescreened society; in fact history will be more accurately preserved, memory will be more constantly and widely refreshed, than ever before in history. Any document of importance, any title or deed, any record of science or business, any poem or book, any newspaper or photograph, can now be replicated any number of times and distributed to any number of people, creating new memories far faster than any Ministry can alter or incinerate them. Every act of communication creates a new memory, if only inside another human skull.



Ignorance—or at least rigid, class ignorance that endures generation after generation—cannot survive the telescreen.

Ignorance—or at least rigid, class ignorance that endures generation after generation—cannot survive the telescreen. Not simply because wealth creates leisure, and leisure creates literacy; as often as not, leisure in fact creates passive ignorance. Ignorance will collide with the telescreen itself. People will now educate themselves and their children, if they wish to. The Party may continue to own the public schools—the buildings themselves—but the telescreen can create a school out of any pair of desks. The great universities, the great libraries, will no longer be in places; they will reside in cyberspace, securely out of reach of the Party torches and bonfires. Heresy can no longer be eradicated by fire. Heresy is now fire itself, pulses of light in a network of glass.

The telescreen creates the one freedom that matters in the realm of free expression: the freedom to choose. When men lived as crowded as ants, they quarreled endlessly about who could make noise and who was entitled to quiet, who could watch and who had a right to close his curtains against prying eyes. The telescreen gives man eyes and ears that can see at any distance, so that thoughts and words and gestures can inhabit infinitely spacious parks. It frees his senses and so frees his intellect and his conscious mind. It gives him the power to hear, see, and speak, to be heard and seen, in the company of his own choosing. Now men can create new assemblies, new congregations, new cities whenever they need them, in the capacious light beams of the network and the airwaves of the stratosphere.

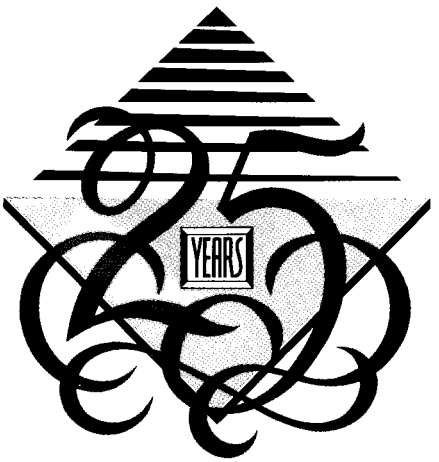
The network is boundlessly public but also as private as the womb. The owner of the telescreen designates who may receive his transmissions. He designates which signals he wishes to

receive. He can broadcast to the world from his bedroom or reserve his great novel for the enjoyment of a few choice friends. He can screen out all racists, sexists, pornographers, drug peddlers, or others whose messages he finds hateful. Distance was once privacy but also isolation, peace but also loneliness. The network erases distance or creates it, precisely as directed by the owner of each telescreen. The network is the true master of distance: It can maintain distance as easily as it can cross it. The power is in the individual's hands, and his alone.

In the days of the old capitalists, the press, the film industry, radio, and television were all stagnant oligopolies, dumping the same mind-numbing rubbish into every home. The owners of those media pitched their programs at what the great mass of people share in common—their prurience, their neurotic fears—and relied on crude polling to estimate how many people were attracted by sex and violence to endure advertisements for sugared cereal and laundry soap. All of this will now disappear. Every hobby and pastime—cage birds, fretwork, carpentry, bees, carrier pigeons, home conjuring, philately, chess—will have at least one telescreen channel devoted to it, and often several. Gardening and livestock keeping will have at least a score between them.

Then there will be the sporting channels, the radio channels, the children's comics, the large range of channels devoted to the movies and all more or less exploiting women's legs, the various trade channels, the women's soap-opera channels, the needlework channels, and countless others. These dime-store novels of the telescreen will exist because there is a definite demand for them, and they will reflect the minds of their viewers as a great national network cannot possibly do. Ours will become, once again, a nation of flower lovers and stamp collectors, pigeon fanciers, amateur carpenters, coupon snippers, darts players, and crossword-puzzle fans. The days of mindless broadcast to the mindless masses are at an end.

Amid all this freedom there will still be prurience, violence, necrophilic reveries, and the disgusting art of Salvador Dali.



The network will supply room enough for every sight and sound, every thought and expression, that any human mind could wish to communicate.

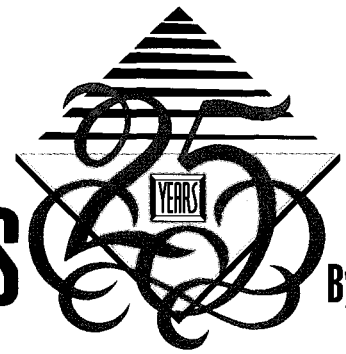
Yet in the universe of the telescreen, speech in public spaces no longer needs to be regulated. Public spaces—or at least the ones of any importance—are no longer surrounded by walls or gates. Bulletin boards, auditoriums, theaters, schools, stadiums, squares, subway walls—electronic replacements for all the traditional public forums—can be created upon demand. The network gives the pamphleteer and soapbox orator not just a place in Speaker's Corner but the whole of Hyde Park.

There is room for the pacifist, the communist, the anarchist, the Jehovah's Witness, and the Legion of Christian Reformers, who have declared Hitler to be Jesus Christ. Temperance reformers, Trotskyists, the Catholic Evidence Society, Freethinkers, vegetarians, Mormons, the Salvation Army, and any number of plain lunatics: All will be able to speak out over the network, all will receive a good-humored hearing from anyone who chooses to listen. The network will be Alsatia, where no opinions are outlawed. There has never been any place like it before in the physical world.

The network will supply room enough for every sight and sound, every thought and expression that any human mind will ever wish to communicate. It will make possible a wildness of spirit, where young minds can wander in adventurous, irresponsible, ungenteel ways. It will contain not innocence but a sort of native gaiety, a buoyant, carefree feeling, filled with confidence in the future and an unquenchable sense of freedom and opportunity. It will be capitalist civilization at its best. It will be the new frontier, and also the last frontier, for it extends as far as any human mind may wish to range. People will assemble in any numbers, at any distance, in groups that are infinitely variable. People will be able to cry "fire" whenever they wish: The theater will no longer be crowded. ◼

Peter Huber is a senior fellow at the Manhattan Institute and a columnist at Forbes. *This article is adapted from his book* 1994 and After, *which will be published this fall by The Free Press. It draws extensively from the works of George Orwell, though usually to articulate the opposite of what Orwell believed. Readers interested in pursuing the sources and allusions should consult the book's endnotes.*

BOURGEOIS BLUES



By Donald McCloskey

The bourgeois have won. Furthermore, they deserve to win, since they are the good guys. The 21st century will be the century of the universal middle class. It will exhibit the bourgeois virtues.

"Bourgeois virtues"? Don't make me laugh. The bourgeoisie may be useful, even necessary. But *virtuous*? Since 1848 or so the intellectuals, who at first welcomed the bourgeoisie most cordially, have been sneering this way at the very idea of "virtue" in the middle class. "Man must labor, / Man must work," says a nursery rhyme for moderns, "The executive is / A dynamic jerk."

Charles Dickens, the first and most successful of the anti-bourgeois writers, loved peasants and proletarians most warmly and had a kind word even for some of the aristocracy. But he detested the merchants and mill owners. The merchant Scrooge hurls his "Bah: humbug!" at a Christian holy day, a celebration of peasant virtues. Mr. Gradgrind, teaching little children to be wage slaves, declares, "Now, what I want is, Facts." The motto, "Facts alone are wanted in life," rejects all that is noble and aristocratic and romantic in the talk of virtue.

We talk of virtue in one of two ways only, the patrician or the plebeian, the virtues of the aristocrat or of the peasant, Achilles or Jesus. The two vocabularies are heard each in its own place, in Camp or Common. The one speaks of the pagan virtues of the soldier—courage, moderation, prudence, and justice. The other speaks of the Christian virtues of the worker—faith, hope, and charity. Achilles struts the Camp in his Hephaestian armor, exercising his noble wrath. Jesus stands barefoot on the mount, preaching to the least of the Commoners.

Camp and Common, the romantic hero or the working-class saint: That's been our talk of good and bad. And yet we live now in the Town, we bourgeois, or are moving to the Town and bourgeois occupations as fast as we can manage.

The prediction that the proletariat would become the universal class has proven to be mistaken. Half of employment in rich countries is white collar, a figure that's steadily rising. Jobs for peasants, proletarians, and aristocrats are disappearing. The class structure that the intellectuals analyzed so vigorously in 1848 and have since tried to keep in place is going or is gone.

The explanation is that the production of things has become and will continue to become cheaper relative to most services. In 50 years, a maker of things on an assembly line will be as rare as a farmer. The proletariat, an urban and secular version of the rural and religious peasantry, have sent their children to Notre Dame and thence to careers in plastics. Brahmins may lament, churchmen wail, bohemians jeer. Yet the universal class into which the classes are melting is the damnable bourgeoisie.

The result will be a massively bourgeois Town. It's time for the intellectuals to stop complaining about the fact and to recognize the bourgeois virtues.

To sing only of aristocratic or peasant virtues, of courage or of solidarity, is to mourn for a world well lost. We need an 18th-century equipoise, a neoclassicism of virtues suiting our condition. We are all bourgeois now. For some decades about 80 percent of Americans have identified themselves as "middle class" (such consciousness of course may be false). The ideals of nationalism or socialism have not suited our lives (refer for empirical verification to records of the Great European Civil War 1914-1990). The ideals of the townsperson, by contrast, have suited us peacefully, and no surprise.

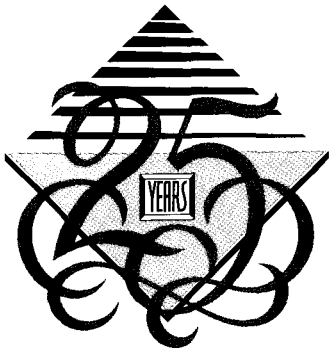
Bad news? A future of selfish SOBs? The country club regnant? The death of community? No, unless you swallow the talk of Western clerks and scribblers since 1848.

The growth of the market promotes virtue, not vice. Most intellectuals since 1848 have thought the opposite: that it erodes virtue. As the legal scholar James Boyd White puts the thought in his otherwise admirable *Justice as Translation*, bourgeois growth is "the expansion of the exchange system by the conversion of what is outside it into its terms. It is a kind of steam shovel chewing away at the natural and social world."

And yet we all take happily what the market gives—polite, accommodating, energetic, enterprising, risk-taking, trustworthy people; not bad people. In the Bulgaria of old the department stores had a policeman on every floor, not to prevent theft but to stop the customers from attacking the arrogant and incompetent staff selling goods that at once fell apart. The way a salesperson in an American store greets customers makes the point: "How can I help you?" The phrase startles foreigners. It is an instance in miniature of the bourgeois virtues. As Eric Hoffer said, "It is futile to judge a kind deed by its motives.... We are made kind by being kind." Thank you very kindly.

It is usual to elevate a pagan or Christian ideal and then to sound a lament that no one achieves the ideal. The numerous bourgeois virtues have been reduced to the single vice of greed. The intellectuals thunder at the middle class but offer no advice on how to be good within it. The only way to become a good bourgeois, say Flaubert and Sinclair Lewis, is to stop being one. The words have consequences. The hole in our virtue-talk leaves the bourgeoisie without reasons for ethics. Since they cannot be either knights or saints they are damned, as we are all, and say: To hell with it.

Consider the virtues of the three classes, matched to their character, aristocrat, peasant, or bourgeois (the "character" of a class will sometimes be its character in the eyes of others, sometimes in its own, sometimes in fact). Thus:



The Classes & the Virtues

Aristocrat/Patrician	Peasant/Plebeian/Proletarian	Bourgeois/Mercantile
pagan	Christian	secular
Achilles	St. Francis	Benjamin Franklin
pride of being	pride of service	pride of action
honor	duty	integrity
forthrightness	solidarity	trustworthiness
courage	fortitude	enterprise
wit	jocularity	humor
courtesy	reverence	respect
propriety	humility	modesty
magnanimity	benevolence	consideration
justice	fairness	responsibility
foresight	wisdom	prudence
moderation	frugality	thrift
love	charity	affection
grace	dignity	self-possession
subjective	objective	conjective

The point is to notice the third, bourgeois column, the third estate of virtue, not to elevate it above the other two. Courage is in some personal experiences and social institutions a virtue. So is humility. But when the class left out is half the population, the old dichotomy of masters and men is not doing its ethical job.

A potent source of virtue and a check on vice is the premium that a bourgeois society puts on discourse. The aristocrat gives a speech, the peasant tells a tale. But the bourgeois must in the bulk of his transactions talk to an equal. "I will buy with you, sell with you, talk with you, walk with you, and so following....What news on the Rialto?" It is wrong to imagine, as modern economics does, that the market is a field of silence.

Talk defines business reputation. A market economy looks forward and depends therefore on trust. The persuasive talk that establishes trust is of course necessary for doing business. This is why co-religionists or co-ethnics deal so profitably with each other, as Quakers or overseas Chinese. The economic historian Avner Greif has explored the business dealings of Mediterranean Jews in the Middle Ages, accumulating evidence for a reputational conversation: In 1055 one Abun ben Zedaka of Jerusalem, for example, "was accused (though not charged in court) of embezzling the money of a Maghribi traders, [and] merchants as far away as Sicily canceled their agency relations with him." A letter from Palermo to an Alexandrian merchant who had disappointed the writer said, "Had I listened to what people say, I never would have entered into a partnership with you." Reputational gossip, Greif notes, was cheap, "a by-product of the commercial activity [itself] and passed along with other commercial correspondence." Cheating was profitless within the community. The market does not erode communities; it makes them, and then flourishes within what it has made.

Talk defines business reputation. A market economy depends upon trust.

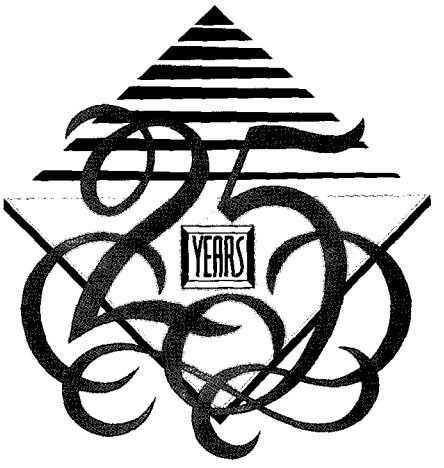
The aristocrat, by contrast, does not deign to bargain. Hector tries to, but Achilles replies: "argue me no agreements. I cannot forgive you. / As there are no trustworthy oaths between men and lions, / Nor wolves and lambs have spirit that can be brought into agreement." The Duke of Ferrara speaks of his last duchess there upon the wall looking as if she were alive, "Even had you skill / In speech—(which I have not)—make your will / Quite clear to such an one.... / —E'en then would be some stooping; and I choose / Never to stoop." The aristocrat never stoops; the peasant or proletarian stoops to harvest or to tend the machine. The bourgeois stoops daily to make his will quite clear, and to know the will and reasons of the other. The aristocrat's speech is declamation (imitated by the professoriate). The aristocrat's proofs are like commands, which is perhaps why Plato the aristocrat loved them so. They convince (*vincere*, to conquer). The bourgeois, by contrast, must persuade, sweetly (*suadeo*, from the same root as "sweet").

The bourgeoisie talks with a will. About a quarter of national income is earned from merely bourgeois and feminine persuasion: not orders or information but persuasion. One thinks immediately of advertising, but in fact advertising is a tiny part of the total. Take the detailed categories of employment and make a guess as to the percentage of the time in each category spent on persuasion. Out of the 115 million civilian employees, it seems reasonable to assign 100 percent of the time of 760,000 lawyers and judges to persuasion, and likewise all the time of public-relations specialists and actors and directors. Perhaps 75 percent of the time of 14.2 million executive, administrative, and managerial employees is spent on persuasion, and a similar share of the time of the 4.8 million teachers and the 11.2 million salespeople (excluding cashiers). Half of the effort of police, writers, and health workers, one might guess, is spent on persuasion. And so forth. The result is that 28.2 million person-years, a quarter of the labor force, persuades for a living.

The result can be checked with other measures. John Wallis and Douglass North measure 50 percent of national income as transaction costs, the costs of persuasion being part of these. Not all the half of American workers who are white collar talk for a living, but in an extended sense many do, as for that matter do many blue-collar workers, persuading each other to handle the cargo just so, and especially pink-collar workers, dealing all day with talking people.

And of the talkers a good percentage are persuaders. The secretary shepherding a document through the company bureaucracy is called on to exercise sweet talk and veiled threats. The bureaucrats and professionals who constitute most of the white-collar work force are not themselves merchants, but they do a merchant's business inside and outside their companies. Note the persuasion exercised the next time you buy a suit. Specialty clothing stores charge more than discount stores not staffed with rhetoricians. The differential pays for the persuasion: "It's you, my dear" or "The fish tie makes a statement."

The high share of persuasion provides a scene for bourgeois virtues. One must establish a relationship of trust with someone in order to persuade him. *Ethos*, the character that a speaker claims, is the master argument. So the world of the bourgeoisie is jammed with institutions for making relationships and declaring character, unlike that of the aristocracy or peasantry or proletariat, who get their relationships and characters ready-made by status, and who in any case need not persuade.



Bourgeois charity runs contrary to the caricature of greed. More than the peasant or the aristocrat, the bourgeois gives to the poor.

Hollywood producers spend hours a day "buffing," which is to say chatting with their business peers, establishing relations. On the foreign-exchange markets the opening business of the day is to trade jokes useful for making human contact with clients. *Ethos* is all, as much as with any sneering aristocrat—or maybe more, since claimed less confidently. In Thomas Mann's first novel, the story of his German merchant family, the head of the firm scolds his unbusinesslike brother, a harbinger of bohemianism in the family: "In a company consisting of business as well as professional men, you make the remark, for everyone to hear, that, when one really considers it, every businessman is a swindler—you, a businessman yourself, belonging to a firm that strains every nerve and muscle to preserve its perfect integrity and spotless reputation."

Bourgeois charity, again, if not the "charity," meaning spiritual love, of the King James translation of the Bible, runs contrary to the caricature of greed. More than the peasant or aristocrat, the bourgeois gives to the poor—as in the ghettos of Eastern Europe or in the small towns of America. Acts of charity follow the bourgeois norm of reciprocity. The American Gospel of Wealth—founding hospitals, colleges, and libraries wherever little fortunes were made—is a bourgeois notion, paying back what was taken in profit. Middle-class people in the 19th century habitually gave a biblical tenth of their incomes to charity. The intrusion of the state into charity killed the impulse, remaking charity into a *taille* imposed on grumbling peasants: I gave at the office.

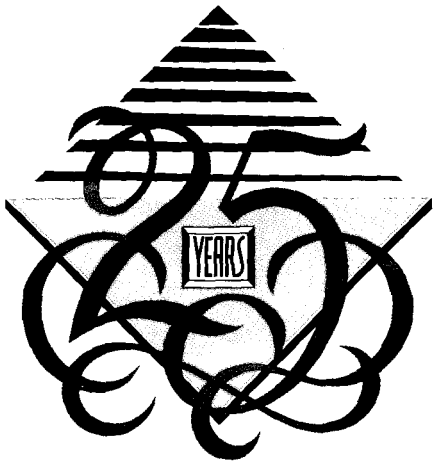
One could go on. The bourgeois vir-

tues are in for a long run and need exploration and praise. We already have Japanese bourgeois and now Korean and Taiwanese; later Pakistani in volume, and Mexican. The world is about to become one Rialto.

And yet the intelligentsia detests this splendid bourgeoisie. The detestation is not new. Anciently the poet Horace prefers his Sabine valley to troublesome riches or recommends stretching one's income by contracting one's desires, even while accepting large gifts in cash or land from Maecenas and Augustus. The disdain for money grubbing becomes a literary theme and merges smoothly with the Christian virtues.

But over the past two centuries the hostility to the money-grubbing class has become frantic. After a brief flirtation with pro-bourgeois writing in the 18th century (Daniel Defoe is the high point; Voltaire admired the English and bourgeois virtues; Jane Austen, late, admired at least the marriage market), literature sinks into a sustained sneer. The novel begins as the epic of the bourgeoisie but becomes with Balzac and Dickens an anti-epic, a Dunciad of the middle classes. German romantics and French statists and English evangelicals in the early 19th century were bourgeois by origin but did not like it, not one bit. Overwhelmingly the French men of letters who barked at the bourgeoisie were the sons of lawyers and businessmen. So too were German men of letters, such as Marx and Engels. The American progressives, advocating a secularized but nonetheless Christian ideal for public policy, were the sons and daughters of Protestant ministers, bourgeois all.

It's a puzzle. In his astonishing *Bohemian Versus Bourgeois: French Society and the French Man of Letters in the Nineteenth Century*, Cesar Grana asks, "What is it in the spiritual scene of modern society that may account for such intellectual touchiness, willfulness, and bitterness" among the intelligentsia against the bourgeoisie? His answer was what has since been called the "aporia of the Enlightenment project," namely, the conflict between freedom and rationalism in modern life. The bourgeoisie is seen by intellectuals such as Dickens, Weber, and Freud as the embodiment of rationalism.



We already have Japanese bourgeois and now Korean and Taiwanese; later Pakistani and Mexican. The world is about to become one Rialto.

Grana is probably correct. An impatience with calculation has been the mark of the romantic since Herder. Don Quixote's idiotic schemes in aid of chivalry are precisely uncalculated, irrational but noble.

The modern men Grana writes about, however, have been mistaken all this time. They mistook bourgeois life, the way a rebellious son mistakes the life of his father. The life of the bourgeoisie is not routine but creation, as Marx and Engels said. What has raised income per head in the rich countries by a factor of at least 12 since the 18th century is originality backed by commercial courage, not science. Dickens was mistaken to think that Facts alone are wanted in the life of manufacturing. Manufacturing depends on enterprise and single-mindedness far from cooly rational.

Weber was mistaken to think that the modern state embodies principles of rationality in bureaucracy. Anyone who thinks that a large, modern bureaucracy runs "like an army" cannot have experienced either a large, modern bureaucracy or an army. Freud was mistaken to claim that modern life forces a choice between the reality principle and eroticism. A businessperson without an erotic drive (suitably sublimated) achieves nothing.

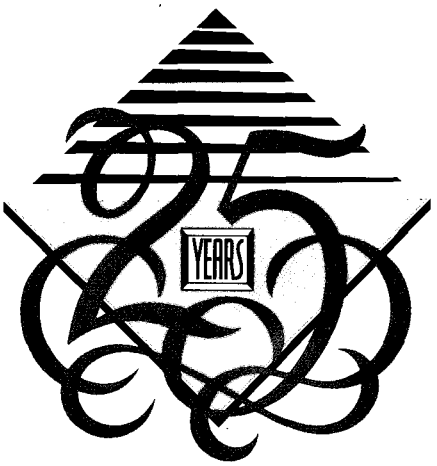
This lack of insight by the intelligentsia into business life is odd. It reminds one, I repeat, of an adolescent boy sneering at his father: Remarkable how the old fellow matured between my 16th and 22nd birthdays. The European novel contains hardly a single rounded and accurate portrait of a businessman (Thomas Buddenbrook is an exception). The businessman is almost always a cardboard fool, unless he proves in the end to evince aristocratic or Christian virtues. Intellectuals in the West have had a tin ear for business and its values. Thus Arthur Hugh Clough in 1862, "The Latest Decalogue": "Thou shalt have one God only; who / Would be at the expense of two?" and so on in the vein of a clever adolescent down to "Thou shalt not steal; an empty feat, / When it's so lucrative to cheat. / ...Thou

shalt not covet, but tradition / Approves all forms of competition."

Economics, as the science of business, has been similarly spurned since 1848, leading to more adolescent sneering at what the lad does not quite grasp. (Lad, not lass: Portraits of bourgeois women in literature are numerous and accurate from the hands of women novelists—or even from men, Defoe's Moll Flanders [ranging from whore to noblewoman, but always enterprising] or Flaubert's Madame Bovary or James's portrait of a lady, down to Brian Moore's Mary Dunne or Judith Hearne. It is bourgeois men on the job whom novelists have failed to grasp.) Early in the 19th century, writers like Macaulay or Manzoni read and understood economics and applied it intelligently. Manzoni's novel *The Betrothed* (last edition, 1840) contains an entire chapter on the unhappy effects during a famine of imposing price controls (*un prezzo giusto*).

But after 1848 the intellectuals construed economics as the faculty of Reason, arrayed against the Freedom they loved, a misunderstanding encouraged by the talk of "iron laws" among classical economists. Or else they portrayed businesspeople as mere con men (thus Twain and Howells). By the late 19th century economics had dropped out of the conversation entirely. No intellectual since 1890 has been ashamed to be ignorant about the economy or economics. It is a rare English professor—David Lodge, for example, in *Nice Work*—who can see the businessperson as anything other than The Other.

A change is overdue. To admire the bourgeois virtues is not to buy into Reaganism or the Me Decade. Greed is a bourgeois vice, though not unknown among other classes. But the market and capitalism produce more virtue than vice. We must encourage capitalism, it being the hope for the poor of the world and being in any case what we are, but our capitalism need not be hedonistic or monadic, and certainly not unethical. An aristocratic, country-club capitalism, well satisfied with itself, or a peasant, grasping capitalism, hating itself, are both lacking in the virtues. And neither works. They lead to monopoly and economic failure, alienation and revolution. We need a capitalism that nurtures communities of good townsfolk in South-Central L.A. as much as in Iowa City. We encourage it by talking seriously about the bourgeois virtues.



An aristocratic country-club capitalism, well satisfied with itself, or a peasant, grasping capitalism, hating itself, are both lacking in the virtues.

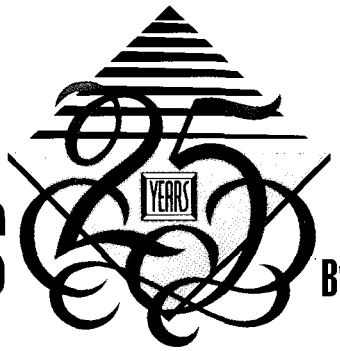
Being ashamed of being bourgeois has for two centuries amounted to being ashamed of America. The sneerers at Ben Franklin like Baudelaire and D. H. Lawrence were notorious as anti-democrats and anti-Americans. Charles Dickens hated the United States as much as he hated businessmen. But America is not the only bourgeois society: Germany is, too, though one that in its intellectual circles wishes it was not; Italians are famous townsfolk; and China, having for centuries cities larger than anywhere else, must have a bourgeois tradition counter to the peasant or aristocrat.

We live not in a global village but in a global town, and have for a long time. A myth of recency has made the virtues arising from town markets seem those of a shameful parvenu. In economic history dependent on Marx, such as Weber's *General Economic History* (1923) or Karl Polanyi's *The Great Transformation* (1944), the market is seen as a novelty. From this historical mistake arose the 19th-century fairy tales of lost paradise for aristocrats or peasants. It has taken a century of professional history to correct the mistake.

Medieval men bought and sold everything from grain to bishoprics. The Vikings were traders, too. Greece and Rome were business empires. The city of Jerico dates to 8000 B.C. The emerging truth is that we have lived in a world market for centuries, a market run by the bourgeoisie. It is time we recognized the fact and started cultivating those bourgeois virtues, of which we are to witness a new flowering. ■

Donald McCloskey is John F. Murray Professor of Economics and professor of history at the University of Iowa.

LOCAL MATTERS



By John McClaughry

The quarter century beginning in 1993 will see startling changes in the ways individuals relate to their community and nation. The most important of these changes will be accelerated devolution, both economic and political.

Railroads, electric power, the telephone, and the interstate highway system have all had a powerful decentralizing impact on the American society and economy. In the coming years new telecommunications technology will drive another wave of economic devolution. Fiber-optic information highways will make it cheaper and easier for brain industries to disperse from large cities to small cities and, increasingly, to rural areas. More and more brain workers—people engaged in processing information rather than things—will relocate to what David Churbuck and Jeffrey S. Young, writing in *Forbes*, call the "virtual workplace."

This trend has for years been the stuff of Sunday-supplement articles: the software writer working from a hot tub on the deck of his Oregon mountain lodge; the meat broker selling shiploads of Australian lamb from a rural Vermont cabin; the catalog sales company whose order takers answer phones far out in the Nebraska prairie. But the telephone, the modem, and the fax machine are only the first-level instruments of this spatial devolution. Increasingly small and inexpensive satellite dishes will allow direct downlinking of data to individual homes. Fiber-optic computer networking will link company units together at the speed of light. Teams of architects and engineers will design products electronically while living many miles apart—and perhaps seeing each other only at the annual company picnic. Video conferencing will be cheap and simple, with large, flat wall screens bringing realistic, life-size images into each dispersed office. Holograph transmission may be a reality by 2018.

Fast, efficient parcel services like UPS and Federal Express allow overnight delivery of documents and products to co-workers or customers, at a cost often less than one employee's 20-mile round-trip commute to work. An example: Dell Computer is a retail firm with no store. It markets directly to customers through toll-free phone lines and next-day delivery via UPS from strategically placed warehouses.

The Lewis Galoob Toy Company of South San Francisco is a prototype of the global manufacturing business of the future. Galoob contracts with independent toy designers who think up new products. It contracts with manufacturing engineers who figure out how to make the products. It contracts with manufacturing brokers in Hong Kong who find workshops in China to put the products together. The brokers contract with ocean shippers to deliver the products to the United States. Manufacturer's representatives market the products on commission to wholesalers and retailers. A finance company collects payments on commission. The Lewis Galoob Company could be located anywhere in the world where modern telecommunication facilities are available.

The productive people who thrive in this kind of environment are not the sort of people who are content to live in, to use the worst example, New York City. They may enjoy the opera and the deli and MOMA, but they decidedly do not relish the crime, fear, stress, congestion, drug culture, pollution, rotten schools, filth, noise, graffiti, taxes, and endemic rudeness that infest the nation's largest (but shrinking) city. So why stay? Once their escape route led to the suburbs. Now, increasingly, it leads to the more distant reaches of the country.

Because the economy is rapidly becoming more global and more decentralized, and because it places ever greater emphasis on highly mobile brain power, competitive pressure will force governments to compete for the new entrepreneurial activity. High-tax, high-regulation Vermont and California will miss out on the economic decentralization wave. Low-tax, low-regulation New Hampshire and Idaho will win. And eventually the idea will percolate into the heads of even the most ardent statists that recreating the economic environment that has emptied out New York City is not conducive to anything desirable, unless their goal is simply to punish enterprise and impoverish their people.

The states led by economically smart politicians will prosper, at the expense of their less able competitors.

The states led by economically smart political leaders will prosper, at the expense of their dull-witted competitors. And political leaders of regions within the loser states will demand more autonomy to shape their own policies and escape the curse of redistributionist legislatures enamored of more government spending and controls. This trend is already evident in Northern California and Southern Oregon, where sentiment is growing for

secession into a new state of Jefferson.

Decentralization will also accelerate on the world stage. The explosion of nationalism that accompanied the disintegration of the Soviet Empire in 1989 has yet to run its course. But future fragmentations may increasingly emphasize not national but economic considerations. Pro-enterprise Slovenia wanted out of a stagnant Marxist Yugoslavia not only to get away from the quarreling Croats and Serbs but also to join Western Europe's market economy. Pro-enterprise Lombardy wants out of an Italy run by incompetent socialist bureaucrats in Rome. Pro-enterprise Guangdong is chafing at control from socialist Beijing.

We are heading toward the "World of a Thousand Flags" envisioned years ago by Austrian economist Leopold Kohr. Many of those flags will fly over strong, vigorous little economies, whose well-educated, hard-working, property-respecting citizens will earn their way in the world marketplace. Switzerland, Singapore, Taiwan, and South Korea are early examples.

In sum, the world of 2018 will feature a dynamic, flexible global economy, with economic rewards flowing to those with brain power, a work ethic, and a governmental regime built on sound respect for property rights, stable currency, and governmental restraint. Cities, states, and nations where government taxation and regulations stifle enterprise will see productive people relocate to more congenial environments. The pro-freedom areas and pro-freedom governments will be the winners. Countries and states run by dumb statists will be the losers.

The demands of a global brain-work economy will stimulate increased parental concern about the education of their children. Parents will no longer be satisfied with the mandatory offerings of the local government school, especially if it is devoid of moral and cultural values and lacking in educational or any other kind of discipline. They will demand education that will equip their children to take advantage of new opportunities and meet the emerging competition. This parental pressure will eventually spell the death of many government schools, with their centrally mandated curricula, militant teachers' unions, low discipline, and "anything goes" ethos.

In the future, political unions will increasingly end not because of nationalism and ethnic conflict, but because of economic considerations.

Ultimately, many states will allow what residents of 92 Vermont towns have had since 1869: a full-blown educational choice system. And a Supreme Court test will establish that a general system of education vouchers does not constitute an impermissible establishment of religion, even if the vouchers are used to pay tuition at parochial schools. There will be a surge of home schooling and the ancient practice of mentoring, making use of interactive computerized instruction, compact-disk reference libraries, and fiber-optic or satellite downlinking of a wide variety of instructional programs. The combination of telecommuting, home schooling, and electronic shopping and entertainment on demand will overcome the barrier of distance from urban centers.

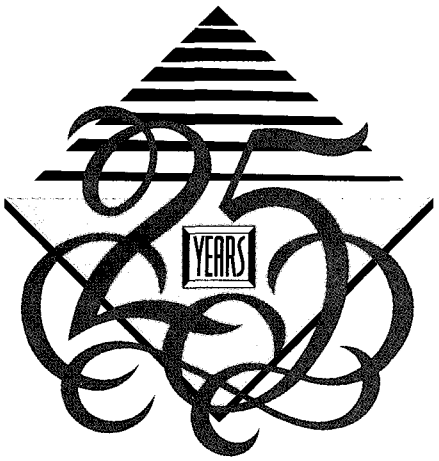
Higher education will be radically transformed for most students. The children of the rich will still attend four years of on-campus instruction (and entertainment), but for most middle-class families the price tag will have become far too high. Instead of requiring students to spend four years on campus to earn a degree, colleges will assign them to learning mentors who will devise for them (often via teleconference) a suitable program of electronic instruction. Students will learn Shakespeare, cell biology, and calculus from the nation's very best teachers by laser disc and satellite dish. (An Arlington, Virginia, company already offers courses by some of the nation's most renowned professors on videotape and is arranging to offer college credit through several cooperating institutions.)

Remarkable new computer graphics will revolutionize mathematics and science instruction. Photos, film clips, and computer-graphic sequences will increasingly displace the traditional talking head. Students will take examinations at a nearby resource and proctoring center, which will serve many colleges on contract. Much higher education will be given in conjunction with the stu-

dent's employer, and certifications of competence in specialized fields, like the Professional Engineer degree, will come to be more valuable than the traditional Bachelor and Master of Arts, Science, or Business Administration. Intercollegiate athletics will lose its connection to education, already something of a fiction in the major national programs. City and company teams, as in the old AAU and women's softball today, will fill the space just below the professional teams.

Labor unions in the non-governmental sector—now down to about one-eighth of the non-agricultural work force—will continue to dwindle in influence. Joint labor-management work teams, largely prohibited under long-obsolete labor law, will increasingly determine workplace conditions independent of contract bargaining. The rise of profit sharing, employee stock-ownership plans, and participatory management techniques—all abhorred by most old-line union leaders—will eventually end the labor-management-owner distinctions, with great benefits to the economy and to the participants. The last stronghold of unions, the public sector, will be steadily weakened as taxpayers demand the benefits of privatization of many government functions.

After a disastrous experiment with a bureaucratic, price-controlled national health system during the Clinton presidency, the nation will move to restore individual responsibility in lifestyle and health care. Employer-provided health benefits will cease to be tax free, but individuals and families will be allowed to put tax-deductible dollars into medical-care savings accounts, from which they will purchase catastrophic (high-deductible) coverage. Families that make healthful living choices will see their accounts accumulate over the years, creating a tax-free means to cover their health and retirement-home expenses. Low-income families will, as always, have to be subsidized, but they will take part in the same system as everyone else. Putting consumers back into the health marketplace in place of third-party payers, coupled with effective tort reform, will help curb health-care costs.



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The discovery of the merits of the tax-deductible medical care savings account, plus the need to generate investment capital formerly supplied by commercial banks reduced to uselessness by heavy-handed federal regulation, will lead to a revolutionary change in the national tax system. Instead of taxing income, the federal government will adopt a cash-flow–style consumption tax. The taxpayer will add up his income; deduct funds devoted to investments, savings, and medical-care account; claim an appropriate subsistence exemption based on family size; and pay a tax on the consumed balance. This approach not only encourages investment and frugality, it also puts an end to the complexities and inequities of capital-gains and depreciation treatment.

Another serious bout with inflation will give impetus to currency competition. Contracts will be written in terms of the index price of a market basket of internationally traded commodities instead of a fixed amount of Federal Reserve notes, and privately issued currencies will become preferable to unstable and politically manipulated government currencies. Localities will experiment with local currencies as payment for locally produced goods and services.

Throughout this period there will be a remarkable efflorescence of self-help activity in rural areas, suburbs, and inner cities alike. Once governments see that Americans can do remarkably well at solving their own problems if only left alone to do so, there will be a new willingness to dismantle the barriers to self-help. Neighborhood corporations, for instance, will demand the end of such government afflictions as mandated wage scales and nonsensical building and housing codes, zoning rules, and occupational licensing requirements. The opportunity to participate meaningfully in self-directed civic activity will restore real power to citizens seeking to take part in the "little platoons" of a society in which they can once again have confidence and whose progress they can help to shape. ◘

John McClaughry was the Republican candidate for governor of Vermont in 1992.

CAESAR'S GHOST

By Jonathan Rauch

The extent to which the American obsession with government has become pathological became clearest to me when a gay friend called not long ago to tell me about his (then) upcoming trip to Washington. This was no fringe radical, but a middle-aged professor with an endowed chair. He told me he would be in Washington to see the AIDS quilt, which was not surprising, since he has lost dozens of friends to the disease. Then he added that he would be joining an activist group's march to the White House, where they would protest AIDS by attempting to scatter the ashes of AIDS victims on the White House lawn.

Why in the world, I wondered, dump ashes on the president's lawn, of all places? Why make the president the focal point of protest? Did he cause this disease? Could he cure it if he tried? My friend explained: No, the president did not cause AIDS; no, he cannot cure AIDS; but I am angry, angry at the disease and at the unresponsiveness of the government and of society and of everyone. And so he marched to the White House.

Was he right? Was he wrong? Never mind. The point is not to judge but simply to observe: that he and many millions of Americans, liberals and conservatives and libertarians alike, have in the postwar period turned government into the wellspring and focal point and repository of all ideology. They have turned every social argument into an argument about government, politics, or law. Were Wall Street financiers too greedy in the 1980s? Then Ronald Reagan is to blame for "setting the tone." Are race relations sour and hate crimes proliferating? Then the fault lies with George Bush for "dividing the country." Was South-Central Los Angeles burned and looted? Then that would be because of Lyndon Johnson's welfare programs.

Obsession with government is hardly new for Americans, but in recent years it has flourished to the point where talk about government policy is choking off and squeezing out all other kinds of thinking about how to solve problems—even about what constitutes a problem. If you are an American liberal, chances are that you believe government is the solution to most national problems worthy of the name. If you find a problem and then fail to propose a governmental solution, you are, perforce, "doing nothing." If you are a conservative or a libertarian, then chances are that you believe government is the *cause* of most national problems worthy of the name. If you find a problem whose solution does not entail blaming, shrinking, or reorienting government, then you yawn and look for a more exciting problem. Libertarians, anti-government conservatives, and left-liberals disagree on many things, but they are all governmentalists.

I don't have a prediction, because predictions are always wrong. I do have a hunch, a hope, and a worry. The hunch is that government's irrelevance will continue to grow. The hope is that people will see what is happening and begin thinking about new (or ancient) ways to solve problems. Then, with any luck, the age of governmentalism, when every problem and every ideology was defined by its relation to government, will pass. My worry is that my hope is naive, and that American political discourse will continue to grind back and forth in the rut of government-speak.

I am not suggesting that government will ever be wholly irrelevant, or even that it will be unimportant. I am suggesting, rather, that the country has entered a period when its problems are of kinds that government is very poorly adapted to solve. When Americans obsess with Washington today, they are like the man who compulsively uses a hammer to pound away at a screw, and at everything else. Why the growing mismatch between problem and tool? First, because government has changed; second, because the country's problems have changed.

America has entered a period when its problems are of kinds that government is very poorly adapted to solve.

There was a time when government worked, if not brilliantly, then much better than it works today. In 1933, the Civilian Conservation Corps moved from proposal to enactment in only three weeks. More astonishingly, when it was seen to have served its purpose, it went away. The relatively short response time, coupled with the ability to get rid of at least some things that were failures or anachronisms, meant that government had a certain capacity to solve problems. That capacity has diminished steadily ever since. Over the last 30 or so years, the extraordinary proliferation of interest groups, each seeking and then professionally defending every kind of perk and subsidy, has petrified government. That is demosclerosis: government's

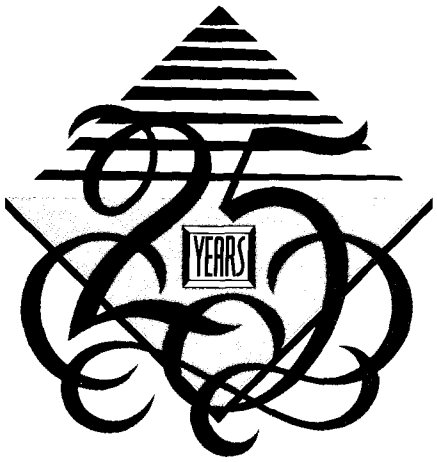
progressive loss of the ability to adapt.

There was a time, too, when central government was relatively well suited to what were the country's main problems. Government is good at waging war, building big infrastructure projects, writing checks, and striking down local barriers to opportunity. Until the mid-'60s or so, what government was good at more or less suited the country's needs, which were to wage the Cold War, to build a national highway system, to establish Social Security and other basic safety-net programs, and to overturn discriminatory laws. You can argue about how serious the problems were or how effectively government responded, but most people will agree that the federal government did have the means for arms racing, road building, check writing, and abolishing Jim Crow.

Today the country's most serious problems—not the only ones, but the most serious ones—are problems not in the physical or institutional infrastructure but in the behavioral and moral infrastructure. Over the long term, a people's success depends critically on lawfulness, hard work, hard studying, thrift, and stable families strongly committed to children. On at least four of those five (the possible exception is hard work), such objective indicators as we have—from murder rates and test scores to divorce rates and out-of-wedlock births—point to a striking, sometimes shocking, deterioration over the last few decades.

Some of those indicators beggar belief, so fast and hard have they fallen. Today American children are killing and being killed at rates wholly unknown to modern Western experience. In 1960, a teenager was twice as likely to die of cancer as to die of homicide; by 1980, the odds had flipped over. That was not only because cancer went down; killing went up. The homicide rate has doubled since the early 1960s; the arrest rate for teenagers and young people has tripled.

Depressing facts and figures about schooling are well known. As for saving, America before World War II was one of the thriftiest countries in the world. Now it is notorious for its low savings rate, which, in 1991 and on a net basis, was one-ninth Japan's. The collapse of national saving was largely the doing of the government, with its big deficits, but individuals have followed the same pattern; in the 1980s, the personal savings rate was only two-thirds the level of the 1960s.



The obsession with government has itself become a serious problem: It monopolizes people's attention and usurps their energies at a time when attention and energy need to be refocused.

Families are positively falling to pieces on every side (no, not just among blacks), with repercussions that we are only beginning to plumb. The divorce rate has doubled since 1960, to levels unknown elsewhere in the developed world; the illegitimacy rate has quintupled. In 1988, one in four American children was born out of wedlock. Today almost one in four American children lives in a home headed by a single mother, and such a child, on average, is likelier to be poor, sick, unhappy, and dangerous.

Washington can diddle with the tax code, hire or fire bureaucrats, and restructure welfare programs. Some of those changes might help. But they won't help much. Washington cannot hold many families together or force many students to study harder or stop many teenagers from shooting other teenagers over bags of potato chips. Businesses' main complaint with young workers is not that they can't add but that they lack work ethic, reliability, and civility; national retraining programs can't do much about surliness or laziness. Wherever the answers (if any) to such problems lie, they are not in Washington.

The obsession with government has itself become a serious problem: It monopolizes people's attention and usurps their energies at a time when attention and energy need to be refocused. Americans argue and argue, for example, about whether the government should allow public funds to be spent at private schools; school choice is the most passionately argued issue in American education today. Now, school choice is on the whole a good idea, and a morally mandatory one for inner-city parents whose children are trapped in dangerous and dysfunctional schools. But the public-private argument is wholly blind to the fact that test scores have fallen among public-school students *and* pri-

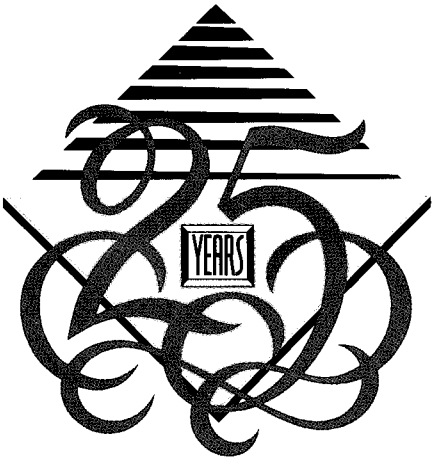
vate-school students.

The pattern holds across the board; something out there is eroding academic performance in public and private schools alike. What kind of something? High-school students today hold down jobs to pay for cars; partly as a result, they do as much homework in a week (on average) as their Japanese counterparts do in a day. Teachers say they don't assign homework because students won't do it and parents won't make them do it. And so on.

In the educational debate, why do we argue the public-private issue to death while mostly ignoring the homework issue (which today is not, strictly speaking, an "issue" at all, because it is almost never discussed)? Partly because the public-private argument is consequential, yes; but also because it is the easiest argument to have. The school-choice debate is comfortable and well rehearsed and fits easily within the standard political vocabulary. Everyone knows what everyone else thinks, and what he thinks of what everyone else thinks. It is a Kabuki argument.

Two smallish groups, both of them somewhat out of the political mainstream, are starting to get it. One is the religious right; the other is the communitarian movement. Each has its shortcomings: The religious right tends (though not quite so much lately) to prescribe repressive measures, and the communitarians don't know what to prescribe. But at least their thinking is pointed in the right general direction, namely, not at Washington.

One major politician, too, is starting to get it, and his name is Bill Clinton. There are many drawbacks to the man, but his rhetoric has suggested an understanding that deterioration in the moral infrastructure is not reversible just by him. (To negligent fathers: "Governments don't raise children; parents do. And you should." From his inaugural address: "Let us all take more responsibility.") There is reason to doubt whether his understanding will overcome his politician's compulsion to pander, his lawyer's affinity for legalisms, and his liberal's enthusiasm for programs. But the very fact that a modern Democrat could dabble in morals talk ("A New Covenant") and still be elected president may be a sign that governmentalism is starting to wane and that people like my gay friend may soon direct more of their energies to their families, their friends, their communities, and their hearts—for that is where the country's new problems, and therefore its new solutions, mainly lie.



The very fact that a modern Democrat could dabble in morals talk and still be elected president may be a sign that governmentalism is starting to wane.

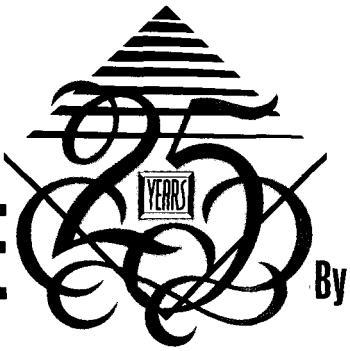
If you ask me what those solutions are, I tell you I don't know. If you then tell me I am useless and you go back to talking about school choice or AFDC eligibility rules, I say: Suit yourself, but if one hopes to find solutions, one must at least look in the right place.

To that end, I offer a proposal: a deprogramming regimen for the governmentally obsessed. Call together all the usual policy-wonk suspects in Washington. Call them in from the centrist Brookings Institution, the libertarian Cato Institute, the conservative Heritage Foundation, the center-right American Enterprise Institute, the culturally conservative Family Research Council, the center-left Urban Institute, the labor-left Economic Policy Institute, and all the others. Plant them at a three-day conference under some hackneyed rubric like "Exploring New Approaches to Social Problems." Let them say anything they want. Just ask them to agree to this single restriction: *No one may propose to change a single line of state or federal statute.*

When they complain (and they will) that real reform can't be attained without governmental measures, tell them, "Three days a year is not too much time to spend thinking about nongovernmental approaches." They will be unhappy, confused, at a loss. They will sputter, drool, and bump into walls. Then, after a while, they will start to think about the very large portion of America that is not the government. They will hatch ideas, some of them possibly good. They will begin to think a little bit differently. That is where the next quarter century begins: with the realization that governmentalism has long since reached its limits.

Jonathan Rauch, a contributing editor of National Journal, *is author of* Kindly Inquisitors: The New Attacks on Free Thought *(University of Chicago Press).*

UNMANAGEABLE CARE



By Richard A. Epstein

Peering into the future is always risky business, and health care is no exception to the general rule. But if one prediction can be ventured, it is that there will be greater government control over the provision of health-care services in this country 25 years from now than there is today. It is only with somewhat less confidence that we can predict that this expansion of government activity will be a failure—regardless of the particular path of reform chosen by the Clinton administration during the next four years or (another prediction) by its successor administration four years hence.

The prediction of failure does not rest on the expectation of specific blunders beyond our current comprehension. Instead, it rests on broad principles. The physical rules of universal gravitation, applicable today, will be applicable tomorrow, and these rules predict that top-heavy structures are unstable and likely to fall when pushed. The laws of economics are not quite so inexorable, but they constrain the organization of complex social structures in much the same way that the laws of mechanics constrain the field of architecture.

Alas, the sad truth is that even the most talked-about current proposal for universal and comprehensive health-care coverage—"managed competition"—contains within it the seeds of its own destruction. It is not so much a coherent government plan as an oxymoron. It is possible either to have managed health care or to have open competition in health-care services. It is not possible to have both simultaneously. That conclusion is based not on particular insights about health care but on general propositions about the uses and limits of competitive markets.

Competition does not take place in a void; it rests on a well-articulated system of property rights. The essence of that system is unchanged from Roman times to the present, and we cannot bend or ignore its basic logic to accommodate the political whims of our frenetic times. The key feature of property rights is that each owner has the *absolute* right to the exclusive use of his resources and need part with them only through exchange on terms that are mutually advantageous to him and to his trading partner. Starting from that secure base of property rights, each exchange moves the parties to a higher level of welfare—for why else would they consent to the transaction? At the same time, strangers to the transaction profit as well because their opportunities to trade are generally enhanced by the increased wealth of their potential trading partners. But there is no duty of any owner to enter into any particular transaction for the transfer of goods or the provision of services based on the need of the other party.

Managed competition contains within it the seeds of its own destruction.

Once the basic property rights are in place, there is no plan at the center—no government monopoly—that prescribes who shall trade with whom and on what terms. In open markets, when a trade takes place, both sides are winners. When a trade does not take place, there is no reason to panic and every reason to believe that the parties have found more profitable avenues of exchange—unless, of course, the state has thrown regulatory barriers in their way. As Robert Nozick wrote (before his regrettable communitarian conversion), a system of voluntary exchange is totally antithetical to the achievement of any "patterned" outcomes, desired by the society as a whole or any dominant political faction. What emerges from the interplay of independent actors is a just distribution of goods and services not because of what it is but because of how it came to be.

Judged by this standard, any system of managed competition is a contradiction in terms. The ordinary system of markets does not seek to ensure that all individuals purchase health-care insurance, or, if they purchase it, do so in any fixed quantity. Instead, health care is but another good; from the point of view of the legal system, it is neither more nor less important than a good pair of tickets to the Super Bowl. We know of the importance of health care not from any government mandate but because of the willingness of individual actors to acquire it through contract.

We also know that for some people health-care protection may not be as important as it appears to us, for they have chosen to go without it, preferring instead some other use for their resources, be it food, shelter, education, or amusement. Long ago Thomas Hobbes stated what modern planners too easily forget: "The value of all things contracted for, is measured by the appetite of the contractors; and therefore the just value, is that which they be contented to give."

Managed competition does not work in this fashion. There is no option for any individual to leave the system. All must obtain coverage whether they want to or not. But the question is what counts as coverage. If the system simply required parties to obtain some health-care coverage, the mandate to insure could be met by purchasing limited protection—say,

against exotic tropical diseases only. Yet universal health coverage is supposed to be comprehensive as well. Managed competition thus faces two unique challenges: First, it must specify a class of mandatory purchasers; second, it must specify a class of minimum mandatory purchases. It can survive neither.

In a voluntary market, persons have a choice not only of whether to buy health care but of how much health care to buy. With managed health care, however, people must purchase enough health care to satisfy the demands of a central planner. Cheap coverage only for some rare tropical disease is now conclusive evidence of an intent to evade the requirements of the universal plan. No longer can we obey Hobbes's injunction and let private appetites determine the scope of contractual rights and duties. The central planner determines whether firms must supply alcohol rehabilitation, sex therapy, psychiatric care, or a spare set of dentures. Those people naive enough to want coverage simply for bodily injury and disease will not be permitted that option. The choice is all or nothing.

These regulatory edicts on scope of coverage will not be made by independent professionals acting in the best interests of their own patients. Rather, they will be made by bureaucrats unable to fend off the sex therapists and alcohol rehabilitation specialists, who insist that no one can have "decent" health-care service unless their own specialty is added to the mandatory list. The motley collection of required services will quickly swell to the point where it becomes unattractive to consumers.

Now many Americans will face an unhappy choice: purchase health coverage that offers less value per dollar than that which could be acquired in a voluntary market, or do without. (People have been choosing the latter in large numbers during the last 10 years, responding to minimum requirements for health-insurance coverage established by many states.) Knowing pundits will chalk up the decline in rates of coverage to market failure rather than the regulations that choked off the market's vitality.

What happens to the millions who cannot enter or must exit the regulated market? Given the aspiration of universal health care, someone else must provide for the newly dispossessed. Because of managed competition, it is no longer possible just to remove the minimum-coverage requirements so that some portion of the uninsured could filter back into the voluntary market. In any case, while this cost-reduction strategy will increase the market penetration of health insurance, it cannot work miracles. The perfect voluntary and competitive market cannot and will not provide universal health care: No supplier will provide care that costs more than its recipient can pay—period. Just as an insistence on universal automobile insurance leads to assigned-risk pools, so too managed competition must take care of its non-market participants.

Central planners will determine whether firms must supply alcohol rehab or sex therapy. Those who want coverage only for injury and disease won't have that option.

But how? Here the alternatives are very unappealing. One approach is to raise the additional funds for universal coverage through a tax imposed on the fees paid for health-care services in the private sector. But this tax system will have to chase its own tail. Any tax on the health system will increase customer costs without increasing customer benefits. Those purchasers who value the mandated coverage more than its cost, but less than its cost plus the special tax, will exit the regulated system.

Even at the first stage the stampede to the exit is likely to be large if the tax is substantial, especially if persons without coverage in the regulated market can obtain it for little or no cost from the government pool. After the exit, the tax base will be smaller, requiring a still heavier tax to fund the government-controlled segment of the market. And so on with each turn of the screw. It is not at all clear that a taxed market and a subsidized market can survive side by side. The latter is likely to drive out the former, or at least substantial portions of it. The predator will then die because its voracious appetite has extinguished its prey.

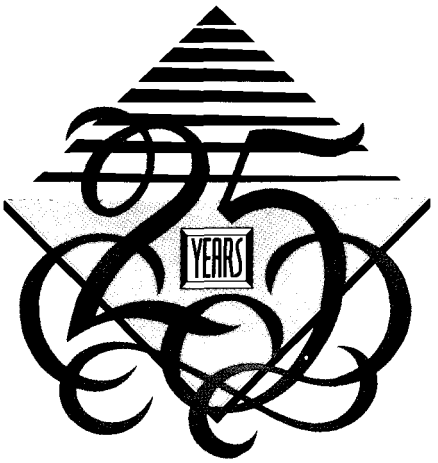
One attempt to discourage exit from the regulated market is the "play or pay" proposal. The idea here is a simple one: Those firms that do not supply the minimum mandated coverage are required to

pay a tax to the common fund. But how should that tax be set? If it is set too low, the world will have lots of payers, no players, and insufficient revenue for the government pool. If the tax is set equal to the cost of covering the firm's workers in the government-run market, there is a built-in shortfall: No money can be set aside to provide for the huge membership of unemployed persons who depend on the fund for their coverage.

So even if firms decide to play, they will still have to pay, albeit somewhat less. And if they decide to pay, the cost could quickly escalate, encouraging other steps to avoid the tax. Companies could hire fewer employees to reduce the head tax; they might decide to scale down their business, or even leave the market altogether. The system of play or pay could turn into a system of play or pay, then fold. The problems of health-care coverage would remain unsolved, and wider economic markets would be disrupted. The costs would thereby be diffused but not eliminated.

Ultimately, some broad-based levy on earned income or all income (or perhaps a national sales tax or value-added tax) will be needed to fund universal coverage. These taxes will reduce the rates of investment, production, and profits otherwise attainable in the private sector, and they will generate fierce opposition from a public that knows it's already overtaxed. And the government will still have to figure out just who will provide health care for the people who are not placed in the regulated market. Successful insurers will probably be forced to provide coverage at a loss for those persons unable to secure protection in the regulated market. And when that system fails, the government will become the ultimate manager of competition; it will go into business itself, with the same success and imagination that it brings to the operation of the Post Office or the public schools.

To be sure, there are some gains that managed competition might achieve. Insurance firms might seek to make contracts to provide low-cost care for their customers. But those incentives to reduce costs all come from the competition side of the package. The addition of government-assigned business will invite cost-plus forms of accounting that will have exactly the opposite effect and will create massive disputes over which of the carrier's joint costs should be assigned to the private and which to the government portion of the plan. The managed side of the package will thus impede efficiency in the name of universal and comprehensive health-care coverage that we cannot afford to provide given our shrinking resource base.



Ultimately, some broad-based levy on income (or perhaps a national sales tax or value-added tax) will be needed to fund universal coverage.

We have to let go of the allure of universality, which is today treated as though it were an undeniable ethical imperative. In part the slack will be picked up by a resurgence of private charitable care, which hospitals could provide if freed of their regulatory burdens. And cities and states could again run a system of public hospitals to take care of some of the poor and emergency cases. This system consciously gives certain persons second-class health care at best and leaves the risk of no health care at all.

But it also offers hidden gains. Persons who know that their health care is at risk will have an incentive to take steps to reduce their need for it: There will be less drinking, less drug use, and less casual sex. Likewise there will be stronger incentives to tailor health plans to meet what people regard as their essential needs, not what regulation requires them to purchase.

There is, of course, a big cost: Some people will surely die for want of health care, as they have died in the past and as they continue to die today. But the issue is not whether there will be comprehensive universal health-care coverage funded out of public revenues. It is beyond our power to legislate that into existence. The issue is whether we can find ways to increase access by reducing costs. Unless we let go of the impossible dream of universal health coverage, we will engage in punitive regulatory measures that will not save those in need but may well bring down the entire health-care system in ruins. ■

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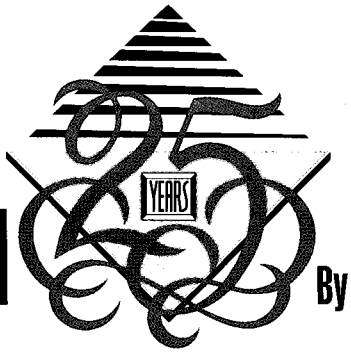
DO-GOOD LIBERTARIANISM



By Paul H. Weaver

REASON's first quarter century was about as successful as the intellectual-journalism life gets. Around the time the magazine got under way, the world was independently turning away from authoritarian politics of all kinds—from the jack-booted totalitarianism of Lenin and Hitler to the subtle, pseudo-constitutional oligarchy of Pulitzer, Wilson, and Theodore Vail. Thus, as Bob Poole & Co. created a new journalistic idiom in which to articulate the classical-liberal understanding of the state and the individual, the world, searching for the road out of serfdom, naturally beat a path to their doorway. Today, it seems, nearly everyone is speaking the language of free markets and free minds.

And the result is...Bill Clinton.

Clinton, the center-seeking crypto-leftist Democrat, illustrates both how much has been accomplished and how much remains to be done. People, even leftish Democrats, have put away a lot of the old statist rhetoric, taught themselves to speak the language of freedom, and are experimenting with the methods of freedom. It was a Democrat named Jimmy Carter, let us not forget, who was the deregulation president, and quite possibly his cousin from Little Rock will rack up an equally awesome pro-market achievement in one policy arena or another. But much of this new interest in freedom ends up advancing the same old authoritarianism. In other words, while the world has begun talking the language of freedom, it is still seemingly a long way from really internalizing the values of freedom.

The task facing classical liberals in the quarter century to come is to study, discuss, and proselytize for those values of freedom—for self-respect, toleration, rationality, and commitment to constitutional processes. Having established a beachhead in the rhetorical lowlands of modern politics, we should now resolutely push inland and seek to conquer the entire territory. In other words, we should start focusing on the purposes people pursue within the political system and the culture that shapes those purposes. The time has come to wage a war for hearts as well as minds, and to recover or re-create a classical-liberal culture.

This will be a difficult mission for libertarians. Not because a liberal culture is a particularly tough sell in America—to the contrary, if ever there was a society that was ready to return to its true philosophical roots, this is it—but because building a liberal culture will require perspectives and character traits and skills radically different from those that brought libertarians, and REASON, to where they are today.

Throughout most of the 20th century, classical liberalism was a fringe movement in a statist world, and its message often—and quite rightly—came down to little more than the injunction, no! Sometimes in a spirit of high moral seriousness, at other times in the less exalted spirit of an adolescent or even a 2-year-old, classical liberals have said no: no to the state, no to government intervention in the market, no to the wars that have been such a central feature of modern society, no to the sometimes well-intentioned efforts by liberal reformers to make the world a better place through public policy, no to the self-serving pragmatism that dominates the university, no to most of the political movements that have shaped our century. Last summer, when the editor of REASON sent me off to Michigan and Connecticut to cover the campaign of the Libertarian Party's presidential ticket, nothing was more striking than the polemical, negatively framed quality of the pitches and personae.

The negative posture, though sometimes perverse, made a lot of sense in the 20th century. In the first place, it enabled classical liberals to survive in a world that was almost monolithically hostile to their point of view. And it preserved their core beliefs intact. Thus, when conventional liberalism collapsed of its own dumb weight in the '60s, the classical liberals were there to pick up the pieces and get the credit. They were one of the very few groups to which a disillusioned ex-liberal could rally and feel that he really was saying goodbye to all that, once and for all. To me personally, coming to classical liberalism in middle age during the Reagan years, its uncompromising and uncompromised quality was one of its most compelling attributes.

But if "no" worked fine when the historical mission was to discredit and defeat an authoritarian polity, it won't get us far in the years ahead. Now the name of the game is not simply to stop authoritarianism and the state but to build a classical-liberal culture to replace the now-discredited statist ethos. And to do that, classical liberals will have to turn to the positive side of their creed and their natures.

Politics is not a debate; you don't win if you refute your opponents' arguments. Politics is the mostly cooperative activity of coming together around a set of values and institutions. It isn't combat so much as it is community. It's affirmation more than negation. To build successfully on the last quarter century's progress and remain at the cutting edge, libertarians will have to transform themselves into activists, glad-handers, do-gooders, reformers, idealists, and scourges of injustice. They'll have to learn to think like the last group of classical liberals in America who found themselves in a situation like the one we're in today, the founding fathers.

In practice, this means making three big changes in the prevailing classical-liberal *Weltanschauung*.

First, classical liberals have got to become obsessed with the injustice that is rampant in our world. They should always have been obsessed with injustice, since they're committed to such

high and demanding ideals, but the truth is they've been squishy soft on it. They have been obsessed with the growth of the state and with the ideology and ideologues that justify the state. By contrast, they have tended to turn a blind eye to fraud and coercion in the private sector, ignoring the active threat to classical-liberal values posed by private power and private ambition for privilege.

Ordinary people in the real world are only too acutely aware of the injustice and politicization that are rampant in every area, from the hiring hall to the family dinner table to the local zoning code. When they hear classical liberals assail wrongs in the public sector but not in the private sector, they worry that the talk about markets is a cover for private injustice. And this is no mere theoretical concern. After all, since the early New Deal days, big business has advocated markets and limited government with respect to the agendas of labor unions and consumer groups, while quietly seeking government intervention in their own interest. In much the same way, racists, sexists, homophobes, and others who would dishonor and trample their fellow citizens' rights have urged freedom as a cover for their unjust behavior—but have denied the same freedom to the people they hold in contempt.

Libertarians have ignored the threat to classical-liberal values posed by private power and ambition.

The fact is—libertarians know this, of course, but don't really take it to heart—that we live in a society that has been deeply corrupted in all areas and at all levels by the politics of privilege. Throughout the present century the big corporation has sought to control market processes in its own interest, rather than submit to the market process and work to perfect that process. In some cases, this has happened through the pursuit of political privilege. Just as often, however, corporate executives misbehave on a far more direct and personal level—by, for instance, lying to customers or colleagues to achieve results honesty wouldn't produce. Such behavior is wrong, it violates the rights on which a liberal society depends, and classical liberals ought to be upset about it.

Similarly, throughout the present century, there has been a high level of racial, religious, sexual, and ideological aggression and exploitation. The private sector has been no haven of decency and principle; it has been essentially as much a jungle as the state has been. Yet liberalism, to triumph in the political sphere, requires certain values and behavior in the private sphere—respect for individuals, honesty, decent treatment of one another. A society based on tolerance, mutually beneficial exchange, and rational persuasion cannot be built by merely changing the structure of government.

The minute libertarians start giving equal time to private injustice, I predict they'll become a significant factor in electoral politics in America. The unfair politics and public policy and management that prevail in our often illiberal society bother the American people a lot. Classical liberals have superior answers to these problems, but voters won't take them seriously until they see in libertarian thought a far more energetic intellectual engagement with the problem of private injustice.

The second thing classical liberals need to do to keep their movement at the forefront of the next quarter century's politics is to become tireless advocates of measures to improve and strengthen the state. Not to enlarge it—the state, of course, is far too big, continues to grow at an alarming rate, and should be urgently and drastically scaled back. But this shrinking can be brought about only by the state itself, and for that to happen, the policy-making institutions of government must acquire a greatly enhanced ability to represent, deliberate, refine public opinion, and legislate.

Classical-liberal ideals can't be put into operation by just any collection of idiots in just any institutional context. As the founding fathers well knew, a classical-liberal polity requires intelligent, dedicated, principled leaders; institutions with a capacity both to resist and reflect public opinion; and processes able to make fine distinctions and sweeping decisions. The truth about our big government today is that it has been made big by its intellectual and moral weakness, its inability to represent and interpret public needs in a principled and effective way.

Real progress in bringing the activities of government in some semblance of political control and regaining some sense of moral proportion will take place only when legislators are restored to a status more akin to that envisioned by the founding fathers, who of course were acutely aware of the dangers of precisely the kind of politics we have today and who did everything they could think of to prevent it.

You'd think that classical liberals, having read their Madison and Jefferson, would be avid government strengtheners, but they aren't. They decry the lack of coherence of modern government, they express the wish that a more prin-

cipled pattern of decision making would prevail—and then they opt for punitive measures that are all but certain to further demoralize decision makers, further fragment the decision-making process, and in general render the government even more promiscuously responsive to self-serving political pressures than it is now.

An example is the Fully Informed Jury Amendment (FIJA), which would make explicit and emphatic the vague common-law tradition authorizing juries to invalidate odious laws. This measure would, in effect, introduce into the legislative process an indefinite veto power that would be present every time someone attempted to administer a legitimate act of the state. It is a script not for intelligent limited government that furthers individual rights but for chaos and injustice.

Similarly problematic was L.P. candidate Andre Marrou's oft-repeated pledge during last year's campaign to abolish the IRS, as if the IRS caused tax policy and as if the country would be better off without an agency to collect taxes while still keeping the tax laws on the books. This isn't to say that one might not eventually decide to change tax policy in a way that would make the IRS unnecessary. It is merely to say that the policy change has to come first and is the important and substantial part of the exercise. Getting rid of the agency, by itself, is, again, a script for chaos and injustice.

In this and other areas, the underlying assumption has been that big government is the enemy and that anything that harms the enemy must be good for the values the enemy is assailing. The fallacy, of course, is that big government, while something to be resisted, can't be dealt with as an enemy. The classical-liberal enterprise requires government of the right size and function. What harms the hypertrophied version of that government also harms the limited government inside trying to get out.

Classical liberals need to become not just government reformers but government strengtheners. They should be pushing not just the term-limitation amendment (which, in combination with other reforms, would help reconnect government with the public) but also more drastic reforms. My favorite is the notion of switching to a parliamentary system based on multi-member districts and proportional representation. Compared to the presidential system, with its separate institutions sharing powers, this would give a superior blend of insulation and answerability, representation and deliberation.

Classical liberals need to become not just government reformers but government strengtheners.

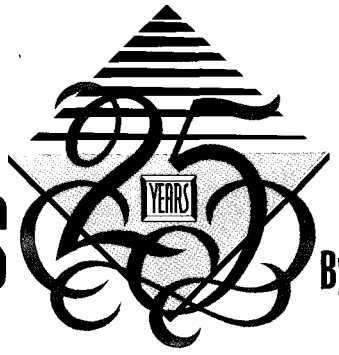
Last and not least, classical liberals have to become do-gooders and idealists and principled busybodies if they are to make progress in building a classical-liberal political culture. In private life, they should be entrepreneurs, tinkerers, free thinkers, meliorists, inveterate volunteers, sterling neighbors, faithful friends, devoted parents, attentive lovers. They should cultivate and exhibit the virtues associated with voluntary, mutually beneficial relationships among equals. They should be fervent egalitarians. They should lean against academic social science's hierarchical vision of society, insist on the moral equality of all human bearers of natural and civil rights, and relate to fellow citizens with the active interest and warm human sympathy that is implied by the idea of taking each individual's rights seriously.

Both historically and logically, the classical liberal is a person devoted to liberal notions of human relations, to ideals of self-improvement, active citizenship, social fraternity, reason, and toleration. Classical liberals need not just to acknowledge but to get comfortable and involved with the communitarian and subjective dimensions of political life and human nature. We are individuals with rights, but we are also political beings for whom conducting a politics of rights and limits is a need and a source of personal fulfillment as well as a necessity.

In my opinion, in short, the way for libertarians to succeed in the decades ahead as they've succeeded in the decades just past is to self-consciously emulate the first American classical liberals, the founding fathers. In the personal examples of Washington, Madison, Jefferson, et al. are to be found the keys to the future as well as to the past. America today is at an impasse not so dissimilar to that which prevailed in the first new nation during the last quarter century of the 18th century. The answer now, as then, is to be found not in ideology or principle alone but equally in its embodiment in character, in active citizenship, in community, and in constitutional institutions and processes through which individual rights and community needs are reconciled intelligently and effectively with one another. ◼

Contributing Editor Paul H. Weaver is a research fellow at the Hoover Institution and the author of News and the Culture of Lying, *to be published this year by The Free Press.*

CREATIVE FORCES



By Joel Mokyr

For those who, with Marshall McLuhan, have been prophesying a "global village" in which national boundaries have less and less economic and social significance, the last decade must seem perplexing, to say the least. Integration and disintegration have been conducting an indecisive battle in two dozen battlefields all over the world. The rise of an aggressive regional nationalism in Eastern Europe and Central Asia has been coupled with a growing sense of unity in Western Europe and North America.

Should economists be in favor of centripetal forces and support greater and greater centralization? To be sure, the opinion of intellectuals and college professors probably means little to Slobodan Milosevic or Margaret Thatcher (to name two of the more visible of the centrifugal camp) or their more internationally inclined opponents, such as Jacques Delors or George Bush. But in the very long run, the thoughts of ivory-tower academic economists have had political influence beyond their wildest dreams: Adam Smith, for one, strongly believed in the folly of mercantilist policies that saw the state as the unit whose welfare should be central to economic policy. He pointed out that it was the consumption of the individual that counted. In order to achieve the most consumption for the most individuals, Smith taught, free trade was essential.

Modern economists, on the whole, still believe that Smith's insight was right. The vast majority of them would subscribe to the common-sense view that when Serbs try to do as well as they can for Serbia while Croatia does as well as it can for Croats, both Serbs and Croats will be worse off than if they maximize some joint objective and cooperate. The most obvious reason for this is that nationalism at times leads to war, which leaves everyone worse off. But even without war, single, small countries with closed boundaries tend to do less well than large, integrated economies. Open borders and trade allow specialization and thus make all trading nations wealthier, a statement that has been axiomatic to economics for more than two centuries.

Moreover, forcing local producers to compete not only with each other but also with foreign firms increases the pressure for efficient production and stimulates the adoption of more-productive technologies. It is hard to imagine, for instance, what the American car industry would have looked like without the growing competition of Japanese and European products in the 1970s. Furthermore, through trade and travel, nations learn from each other, imitate each other, and discover that some new ideas generated outside their cultures are useful and pleasurable. When Europeans imported Chinese cuisine, the Chinese learned to ride bicycles. Everyone gained.

All the same, an argument can be made that too much integration has costs as well. Trade and the exchange of ideas and knowledge are one thing, the coordination of policy, institutions, and laws quite another. In the extreme case of a world that has fully integrated its institutions and laws and is ruled by a central global government, no matter how benevolent and enlightened, economic progress would sooner or later come to an end and stagnation ensue. In part, this is simply because the gains from integration will eventually run into diminishing returns. Once we have fired all customs agents and eliminated all export subsidies, and workers and capital are free to settle wherever they maximize their returns, any additional increments would be harder and harder to achieve. But the main reason for stagnation is that in a global village the engine of economic growth would run out of fuel.

That engine is, was, and will always be technological creativity. Of course, other things are necessary for an economy to grow—capital accumulation, skills, motivation, well-functioning markets, and so on. But all other factors tend to have short-lived effects. They can increase income, but they tend to burn out after a while. Technology is the only thing that does not run into diminishing returns. There are no known limits to the human ability to control and manipulate the forces of nature.

Will globalization, assuming it defeats the surging powers of nationalism, enhance technological creativity? Again, based on past experience, the answer is ambiguous. A global village would, if its government is effective and peaceful, be a land of milk and honey. Such benefits have been realized in our own time in Western Europe and the Far East: Once Germany and France, or Japan and Korea, ceased fighting each other, they could redeploy their ingenuity from military to civilian objectives, with rather remarkable effects on living standards. The United States, which maintained peaceful coexistence among its constituent states over its history (with one major exception), is another example of this model.

Too much peaceful coexistence, however, may weaken international competitiveness and thereby dull the spur to technological creativity. Technological progress, even in civilian technology, is often made in tooth and claw. Without the pressure of competing neighboring states, societies may lose their cutting edge. Closed large empires, such as China, Russia, and the Ottoman state, though not entirely impervious to progress, could not sustain their creativity in the long run. In Western Europe, political fragmentation and the "states system" prevented such stagnation. No single European ruler ever managed to unite the entire continent under a single government. Competing political units held each other in check and guaranteed a high degree of political diversity. At different times Spaniards, Frenchmen, Germans, and Englishmen

aspired to hegemonic power, but because they failed to establish a long-lasting empire, diversity and competitiveness were maintained, and creativity and innovativeness could not be suppressed.

In some cases, of course, reaction won: The heretic-burning Inquisition plunged much of Southern Europe into darkness after it had led the continent a century earlier in the great discoveries, and in Eastern Europe and the Balkan despotic regimes, rulers did all they could to keep their nations in the dark age. But the competitive nature of the states system is a guarantee against such oppression. The threat that a new idea would be adopted by a rival nation and that innovative subjects would migrate elsewhere if ill treated was a powerful incentive to overcome the inevitable opposition to progress from conservative circles or vested interests.

From Peter the Great to Ataturk, the rulers of conservative nations realized that political survival required giving more freedom to technologically creative individuals. The "European miracle," to use a term coined by economic historian Eric L. Jones, could happen because the states system created a unique opportunity for gifted individuals to overcome the normal resistance of the establishment and to convert their creativity into a blessing for society.

Furthermore, competition spurred technology in direct ways. Especially after 1870, when the major European powers became steadily less friendly toward one another, the sense of one national identity competing against another was a powerful stimulus to many of the great inventors of the time, especially in Germany. Technical advances could save the fatherland. German, British, and French engineers tried to outdo each others in steel, chemicals, and electrical engineering, knowing full well how important this knowledge was to national security. Some of Germany's greatest inventors (Fritz Haber, the inventor of the nitrogen-fixing process, immediately comes to mind) were also ardent nationalists. Governments increasingly encouraged and subsidized research and development for national-security purposes.

The Cold War has had similar effects, and one might call this competitive creativity "the Sputnik effect": The shocking fear that the United States might fall behind in the "competition for technology" with the Soviet Union stimulated research and development in the United States after 1957 like nothing else. Indeed, some economists have been tempted to view competition between nation-states as comparable to the healthy and cleansing competition between firms in the free market. This is a simplification, because competing firms do not start wars against each other. But it has a kernel of truth.

In a global village the engine of economic growth would run out of fuel. That engine is technological creativity.

A stronger version of this theory relies on what I have called "Cardwell's Law," after the British historian Donald Cardwell. This law states essentially that every society, *when left on its own*, will be technologically creative for only short periods. Sooner or later the forces of conservatism, the "if-it-ain't-broke-don't-fix-it," the "if-God-had-wanted-us-to-fly-he-would-have-given-us-wings," and the "not-invented-here-so-it-can't-possibly-work" people take over and manage through a variety of legal and institutional channels to slow down and if possible stop technological creativity altogether. Technological leaders like 17th-century Holland or early 19th-century Britain lost their edge and eventually became followers.

Many feel that the United States in 1993 is on the verge of succumbing to Cardwell's Law. After having led the world technologically for most of this century, the United States is gradually conceding many industries, from automotive to consumer electronics, to other nations. In many ways, reading *Business Week* today reminds one of the British press around 1900. An urgent sense of "we are not what we used to be" permeates the writing. It is as if technological creativity is like youthful vitality: As time passes, the creative juices gradually dry up, and sclerosis sets in. Societies become increasingly risk-averse and conservative, and creative innovators are regarded as deviants and rebels.

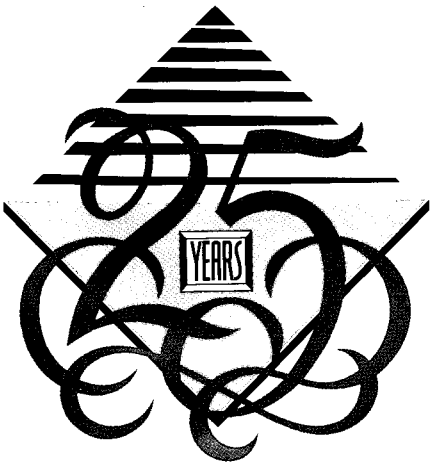
From a global point of view, the historical process can be likened to a relay race: Each society carries a torch for a short time before it hands it on to the next bearer; but all bask in the light. As long as there is a society to hand the torch to the next one, once the current bearer has worn itself out, technological progress can continue. There is thus safety in numbers: If there are enough states whose institutions are independent of each other, a replacement is likely to be found when the institutions of a technological leader turn against innovation, as they almost inevitably will.

The exact form that technological reaction will take differs from society to society. In some cases, reactionary governments simply close economies off to the rest of the world, and

an iron bureaucracy either suppresses innovation altogether or channels it in directions deemed worthy by the rulers. This happened in Tokugawa Japan, Qing China, and Communist Albania; it is happening in Myanmar (Burma) and North Korea today.

In other cases, vested interests will use violence to block progress. The Roman Emperor Tiberius is reported to have executed an inventor who claimed to have come up with unbreakable glass, out of fear for his interests in glass making. Nineteenth-century inventors often fled for their lives to escape vengeful artisans. Professional trade associations, craft guilds, and regulations ossified the production process and made it impossible to deviate from established rules. Labor unions, with some exceptions, have been traditionally hostile to machines, which they feared would take their jobs.

In our time, well-meaning environmentalists, greedy product-liability lawyers, and feather-bedding unionists are contributing to the problem. Simply put, Cardwell's Law works because technological creativity is a delicate and fragile flower that needs just the right institutional environment to thrive. Yet in a truly dialectical manner, its very success usually destroys the environment it needs to survive.



Too much peaceful coexistence may weaken international competitiveness and dull the spur to creativity.

If the global village is to consist of coordinated institutions and unified laws (and not just the free movement of goods and people between different countries), technological progress could disappear altogether from our world, because by definition there would be no one to take over once Cardwell's Law took full effect. This has happened before: The Roman Empire, the closest the "world" ever got to a global village, was surprisingly uncreative technologically and was rescued from complete stasis only by non-citizens living outside it. Much the same can be said about the Chinese Empire in its last centuries. For its citizens, it was "the world," and its repressive institutions encountered no outside competition. The result was that the Chinese fell rapidly behind more creative societies, and they were in for a rude awakening when the proud empire was humiliated by its defeat in the Opium Wars of the 1840s.

What this story suggests is that the unification of Western Europe in an ever tighter E.C., if it occurs, might involve unexpected long-term costs. A France and a Germany more closely integrated in the E.C. are less likely to fight. As their institutions and laws become more and more like each other's, diversity and competitiveness will be reduced. If this trend continues, global diversity and competition could be endangered. We are still a long distance from this, and it is not yet clear how far the trend has gone.

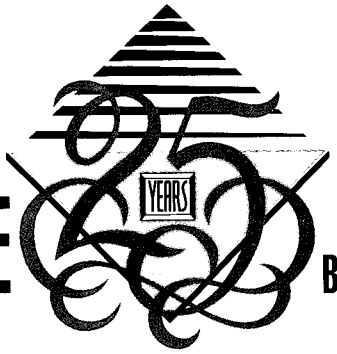
Moreover, a partial integration such as the E.C. may be a net improvement. After all, a world consisting of a small number of large, open, but distinct and competitive "villages" in a "Global County" might be the best of all possible outcomes. The loss of internal competition within Europe, with the growing unification brought on by the E.C., could be offset by a growing competition between a European "village," a North American "village," a Pacific "village," and so on.

For this utopian outcome to occur, three important conditions have to be met. First, the blocs have to remain separate and competitive. Second, nationalism should not be allowed to weaken the blocs internally. This has already happened in Eastern Europe and the Balkans, with devastating results. It is unlikely to happen in North America, and the North American Free Trade Agreement clearly strengthens this bloc (although Quebec separatism is an unhappy exception). Finally, the competitive game between the blocs must remain firmly committed to peaceful rules: Trade wars, let alone another Pearl Harbor, would be devastating to it.

The historical parallel is Europe between 1850 and 1914, an era of unprecedented technological development growing out of healthy competition, all brought to naught by World War I. The Cold War had similar technological side benefits; but a number of times it got a little too close to the brink for comfort. Competition between nation-states is a knife-edged point: Too little of it may lead to stagnation, but too much could lead to catastrophe. Maneuvering between the twin possibilities of the eruption of disastrous war and global lethargy is not going to be made easier by Muslim fundamentalism, Balkan tribalism, Oriental ethnic arrogance, or Western xenophobia. Yet these dangers have always been there. In retrospect, the most surprising thing is perhaps that we have come this far. ■

Joel Mokyr, professor of economics and history at Northwestern University, is the author of The Lever of Riches: Technological Creativity and Economic Progress *(Oxford University Press).*

UNCOMMON CULTURE



By Virginia I. Postrel

He was a Berber from Algeria. And, like many a Washington cab driver, he had a story to tell about politics. The Algerian government had done his people wrong, had done him wrong when he was a student demonstrator standing up for Berber rights. But Americans didn't understand his struggle. "Americans won't fight for principles," he said.

Thinking of my country as the would-be world policeman and idealistic guardian of human rights, I demurred. But then he started talking about soccer riots, about how Americans didn't understand the principle behind them, the notion of standing up for your team no matter what. The notion of blind, dehumanizing, clan loyalties.

To the cab driver, "principles" weren't abstract ideals like liberty or equality. They were group allegiances. "Principles" were what set Serbs against Bosnians, Hindus against Muslims, neo-Nazis against Turks. And Americans won't fight for principles. It is one of our defining characteristics.

The cab driver was, I believe, correct. But not everyone is so sure. A lot of very smart people see the Balkans in America's future. They point to the L.A. riots and say race relations are worse than ever. They look at immigrants pouring in from Third World nations and say (on the left) that we must accommodate diverse cultures and (on the right) that we must shut the doors. They worry about a fragmenting nation—too many ethnicities, too many religions, even too many cable TV channels. They're afraid America will disappear. "Unless a common purpose binds [Americans] together, tribal hostilities will drive them apart," says liberal historian Arthur M. Schlesinger Jr., neatly encapsulating the centrist position.

"There is no American heritage," proclaims Rubén Martínez, one of L.A.'s angry young pundits, voicing the multiculturalism of the left.

Writing in *National Review*, Peter Brimelow declares that Americans, to remain a nation, must have genetic ties. " 'Nation'—as suggested by its Latin root *nacere*, to be born—intrinsically implies a link by blood. A nation is like an extended family," he writes, and later, "Americans are now being urged to abandon the bonds of a common ethnicity and instead to trust entirely to ideology to hold together their state (polity). This is an extraordinary experiment, like suddenly replacing all the blood in a patient's body."

Martínez and Brimelow are both right, in part. America has more than one heritage, and America is an extraordinary experiment. But it is an experiment that works.

And it will continue to work as long as the multiculturalists of the left and the monoculturalists of the right aren't allowed to impose their visions on America. The United States is neither the Balkans nor Little England, West. And the forces of assimilation—the forces of American culture—are as powerful as they are utterly misunderstood.

Sometimes a picture is worth only a few words. The picture of Thurgood Marshall's funeral said, "We won." On the front page of the *Los Angeles Times* was Marshall's widow, flanked by their two sons. And they were all, unmistakably, Asian. Mrs. Marshall is ethnically Filipina, born in Hawaii. Her half-Asian sons are married to white women.

Thurgood Marshall was, above all else, the lawyer who beat Jim Crow in court. That he became a Supreme Court justice was incidental. And Jim Crow was, above all else, designed to prevent families like Marshall's. Until 1967, it was illegal for an interracial couple to live together in the state of Virginia. The Marshalls bought their home there in 1968.

The old segregationists understood the American character. They knew that if the law didn't keep people apart, common humanity would bring them together. Americans have no principles. Restaurants and hotels and railroads and department-store dressing rooms would let the races mingle—all in pursuit of the almighty dollar. Jim Crow was a bulwark against the integrating forces of commerce, education, and, above all, love. Allow the races to mingle, the segregationists said, and you'd soon have mixed-race children.

They were right. In 1970, there were 310,000 interracial marriages in the United States. In 1988, there were almost a million. "But would you want your daughter to marry one?" is now an irrelevant question. Your daughter will do as she pleases. America melts tribal ties. Jewish leaders write and preach incessantly on the evils of intermarriage. And the Jewish intermarriage rate has gone from 10 percent before 1965 to more than 50 percent since 1985—not counting ethnic non-Jews who convert. "We have lost more Jews to intermarriage than to the Holocaust," thundered a direct-mail appeal I once received. (Ah, that *Commentary* list.)

But most American Jews—most Americans—don't think of assimilation as death. Most Americans, lacking the cab driver's principles, do not disown their children for marrying outside their kind. We teach our ninth-graders *Romeo and Juliet*. It tells them adolescent love is more important than family loyalty. It says we are all the same kind.

For the last quarter century, the children of the New Deal have been fighting with the children of the '60s over what it means to be an American. Shall we melt everyone down in an Eisenhower-era cultural pot and call it America? Or shall we divide up on principle and get together only to insult each other's ancestors? Shall we protect "the common culture" or champion "cultural pluralism"? On and on the battle has raged—in the schools, in the newspapers, over the airwaves.

The debate over the American character has it all wrong. Assimilation is not an evil (or a good) foisted upon unwilling, unmeltable ethnics. It does not represent a betrayal of the self, a denial of identity. And it does not require public schools.

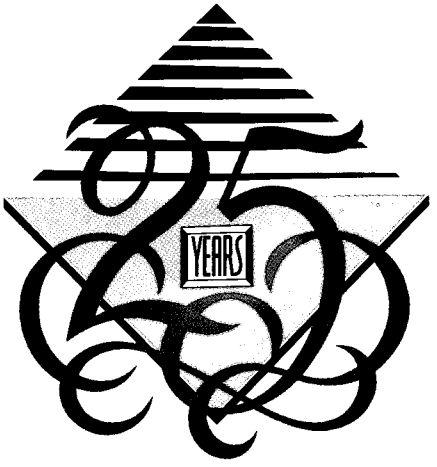
We misunderstand assimilation, suggests California essayist Richard Rodriguez, because we have denied that American culture exists: "Lacking any plural sense of ourselves, how shall we describe Americanization, except as loss? The son of Italian immigrant parents is no longer Italian. America is the country where one stops being Italian or Chinese or German."

That common-culture advocates like Schlesinger do not understand our common culture shows in their obsession with public schools. America is not France, a nation defined by its state institutions, a uniform culture imposed by law. Richard Rodriguez, the Sacramento-born child of immigrants, did not go to public schools. His teachers were not even Americans but nuns from Ireland. His was the experience of millions of Catholic Americans whose story is missing from the official accounts.

America is not a finished artifact but an irresistible process. The assumptions of America—ambition, tolerance, social equality, the individual pursuit of happiness—do not dictate an outcome. But they produce an atmosphere, an atmosphere that permeates every institution, that undermines every group. Even the Amish lose many of their children.

"For the child of immigrant parents the knowledge comes like a slap: America exists," writes Rodriguez. "America exists in the slouch of the crowd, the pacing of traffic lights, the assertions of neon, the cry of freedom overriding the nineteenth-century melodic line. Grasp the implications of American democracy in a handshake or in a stranger's Jeffersonian 'hi.' America is irresistible. Nothing to do with choosing."

Well, choice has *something* to do with it. We choose America, and we choose which America to choose.



America is a multicultural nation. It would be a multicultural nation if every non-Caucasian vanished tomorrow. New England is not the South is not California is not Utah.

America is a multicultural nation. It would be a multicultural nation if every non-Caucasian vanished tomorrow. New England is not the South is not California is not Utah. Understanding America, and American assimilation, has to start with that fact.

America exists quite comfortably with numerous enduring subcultures. Indeed, the greatest testimony to America's irresistibility may be the persistence of our regional cultures. Though they differ from each other less than America differs from the world, American regions have maintained distinctive cultures through centuries of changing populations. My husband's great-grandparents lived in the *shtetls* of Ukraine and Lithuania, but he is the unmistakable child of the Delaware Valley. His ancestors are William Penn and Benjamin Franklin.

"On average," writes John Shelton Reed, sociologist of the South, "migrants to the South already look something like Southerners, culturally. In a few respects, they look more like Southerners than Southerners do. They are even less wild than the natives about taxes and federal programs to help the poor, for example....By moving to California and New England, some atypical Southerners have made those places look more like California and New England, and the South more like the South."

My friend Kris, the Indiana-born child of German parents, moved to South Carolina in the ninth grade, having spent the previous few years in France. If you met her today, the only signs of her roots would be her Catholicism and an unusual level of thrift. She drawls and flirts and cheers for Clemson football like any other child of the Carolina Piedmont. She makes the South more Southern.

As do I, by living elsewhere. In the fall of 1978 I left the religious, conservative, biracial, slow-paced culture of South Carolina for the secular, liberal, multi-ethnic, intense culture of Princeton University. Like most im-

migrants, I was looking for a better life in a place I only half understood. Like many immigrants, I found educational and economic opportunities greater than any in my homeland. And I assimilated—dropped most of my accent, changed my politics and my religion, stopped trying to get a tan. I did these things not because anyone foisted a common culture upon me but because they made me happy.

That is how, and why, most immigrants assimilate. Not because they hate themselves or deny their roots. Not because the government has prohibited their native tongue or forced them to swear allegiance to a new religion. Not because they've gone through the homogenizing experience of public school. Assimilation is a combination of willful self-fashioning (11 percent of the Mormons in L.A. are Latino; they didn't accidentally convert) and unconscious adaptation. I dropped most of my twang because prejudiced people, on hearing it, would think me stupid and a bigot; I replaced it with a hodge-podge of Northeastern strains, because that is where I lived. Happiness and practicality, the pursuit of personal fulfillment and financial success, preserve the common culture. A common purpose has nothing to do with it.

America won't crack up in the next 25 years because its mosaic is not the one the Balkanizing multiculturalists describe. America is a mosaic not of groups but of individuals, each of whom carries a host of cultural influences, some chosen, some inherited, some absorbed by osmosis. That mosaic is held together by the pursuit of happiness, the most powerful mortar ever conceived. Left alone, it will long endure.

Unfortunately, intellectuals and activists are obsessed with lining the tiles up in neat, monochromatic rows. Jim Crow has returned, somewhat half-heartedly, to dole out privilege and power according to racial quotas. Politicians address voters as genetic categories, not as people with ideas. Educated people argue, quite seriously, over whether 16th-century Aztec civilization was superior to 16th-century Spanish civilization—as though either form of barbarism proves something about late 20th-century America.

And we are ruining our colleges. Students who have spent their high-school years happily existing in a multicultural stew hit college and are told they can trust only others of their own kind; they are classified by race and expected to join social groups defined by ethnicity. This was true at Princeton, which had the lame excuse of a large number of provincial white preppies, but it's even true at California's state universities, which have no such defense.

"Students moving out of ethnically/racially diverse environments and into the austere university setting come face to face with cultural stratification," writes Lynell George in the *Los Angeles Times Magazine*. "It is, for many, the first time that they are called upon to choose sides or feel a need to become politically active."

She quotes U.C.-San Diego ethnic studies professor George Lipsitz: "I've talked to many students who are either from racially mixed backgrounds or who have what they consider to be an odd history—maybe they were the only black student in a white school or something like that. Then at the university it seems that there is an inside that they are not part of, and there is no obvious subgroup they can join."

This is terribly unfair to the young. It forecloses options and experimentation. It denies them potential friends. But most survive. And the collegiality of the workplace, with its required teamwork (or its universally hated boss), restores a sense of balance and of mutual interest. College principles vanish before career realities.

People who worry about America's future spend a lot of time worrying about the English language. I don't. The financial incentives to learn English are simply too great. And English-speaking Americans are notoriously pigheaded about learning other languages, even when they're transported to other countries. That obstinacy ensures that those financial incentives will continue.

The more interesting question about language is how we describe ourselves. With what words do we designate our cultural differences? What do they portend? On this front, too, there is good news.

Ethnicity has always been an easier barrier for Americans to cross than race. Oddly enough, we're better off breaking down into lots of little groups than into a few large blocks. The little groups have something to do with actual historical experience and with individual identities. And, more importantly, they are easy to rearrange. Nobody gets excited when Italian-Americans marry German-Americans. The little blocks make interesting patterns; the big blocks only confine. *Black* and *white* are ghettos captured in words.

Hispanic was invented to turn the latest wave of immigrants into a new race, and a new race problem. But Latinos stubbornly resist that term (and *Latino*), preferring to be called Mexican or Cuban or Salvadoran or whatever. Seeing themselves simply as Catholic ethnics (and an increasing number of evangelical Protestants), they act like their forebears—settling first in enclave communities, moving out after a generation or two, and intermarrying. About one-fifth of Latinos marry non-Latinos.

The language problem begotten by tan immigrants has begotten another. Many "Hispanics" are "white," so we have to invent a new term for whites. The term is *Anglo*—and if you want a fight, just try to slap it on a Jew or an Italian or, worse yet, an Irishman. So we're back to national origins, which leaves out people like me whose relevant ethnicity is regional American. The labels break down in absurdity.

The best news on the language front is, however, the oh-so-cumbersome term *African-American*. (Yes, it is imprecise—but, seriously, is Colin Powell really "black"?) *African-American* turns race into ethnicity. It transforms the huge, insurmountable differences of Jim Crow into the small, interesting details of urban neighborhoods. It changes a color into a person, into an American. It is, in fact, a de-Balkanizing term. Eventually, perhaps, we may not even need it. What, after all, do you call Thurgood Marshall's grandchildren? ◼

Virginia I. Postrel is editor of REASON.

LOOKING BACKWARDS

A SELECTIVE GUIDE TO THE LAST 25 YEARS

BY THOMAS W. HAZLETT

ECONOMICS

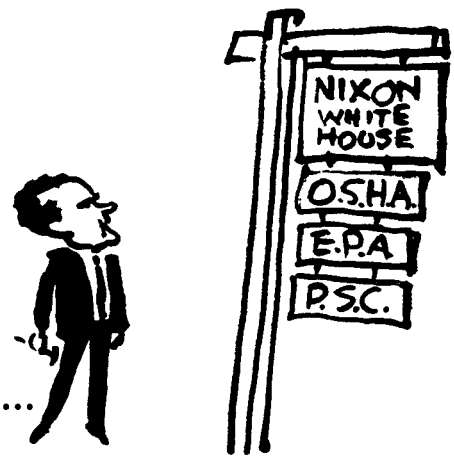
1968

Dow Jones average = 861
GNP per capita = $4,419 ($17,816 in 1992 dollars)
Federal government spending per capita = $891 ($3,592)
State and local government spending per capita = $646 ($2,604)
Number of pages in *Federal Register* = 21,000
Number of lawyers in the United States = 260,000
Number of *Fortune* 500 employees = 13.1 million
Total U.S. employees = 82 million
Federal deficit = $25.8 billion ($104 billion)

Republicans howl about the $26-billion deficit (2.7 percent of GNP), but Wise Men of the Kennedy-Johnson clan explain that the deficit isn't a problem "because we owe the money to ourselves." And after all, deficits stimulate economic growth!

1969

Richard Nixon, a lawyer, becomes president. He maintains professional loyalty by establishing the Occupational Safety and Health Administration, the Environmental Protection Agency, and the Consumer Product Safety Commission during his first term.



1971

Nixon buries free-market economics, saying, "We are all Keynesians" now. Keynes soon to be discredited.

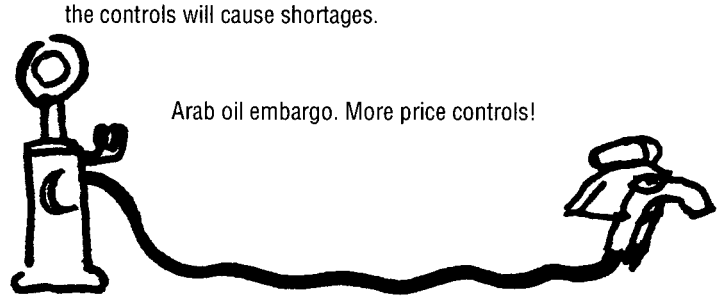
Nixon institutes wage and price controls. Inflation is 5.8 percent. Nixon heralded as bold and decisive by *The New York Times*, but Milton Friedman predicts the controls will cause shortages.

1973

Shortages occur. Gas lines start forming *before* the oil embargo.

The Federal Energy Administration, a "temporary" agency, is created.

Arab oil embargo. More price controls!



1974

Alan Greenspan becomes chief economic adviser to new president, Gerald Ford, despite being questioned during confirmation hearings about his long association with Ayn Rand. Greenspan soon to mistake the Tidal Basin for Galt's Gulch.

Ford holds economic summit. Result: Whip Inflation Now campaign. Inflation skyrockets to 11 percent, but WIN buttons are superb collector's item.

1975

Galloping inflation, 9.4 percent, together with mass unemployment, 8.5 percent, not supposed to occur. "Stagflation" replaces Phillips curve in government policy manuals.

1977

Jimmy Carter's $50 tax rebate becomes national joke. Keynes finally experiences the long run.

Carter urges "moral equivalent of war" to combat energy crisis. Americans experience financial equivalent of bankruptcy. Carter asks citizens to turn down thermostats during winter. Jimmy's pet conservation scheme: Instruct children to turn in parents who overheat their homes.

ARTHUR MATSON

1978

First wave of the tax revolt storms the coast. California's Proposition 13 slashes property taxes by an average of 57 percent.

Alfred Kahn deregulates airlines. Travelers will save more than $100 billion during the next decade.

1979

Appointed chairman of the Fed, Paul Volcker quickly institutes tight-money policy and plunges country into inflation-led recession, just as Prof. Hayek warned. Last New Deal liberal retires to Florida.

1980

Dow Jones average = 891
GNP per capita = $11,995 ($20,424 in 1992 dollars)
Federal government spending per capita = $2,706 ($4,607)
State and local government spending per capita = $1,621 ($2,760)
Number of pages in *Federal Register* = 87,000
Number of lawyers in the United States = 525,000
Number of *Fortune* 500 employees = 16.2 million
Number of U.S. employees = 106 million
Federal deficit = $73.8 billion ($125.7 billion)

Carter deregulates trains, trucking, and cable TV.

Candidate Ronald Reagan attacks fiscal mess created by Carter administration, promising balanced budget in four years.

1981

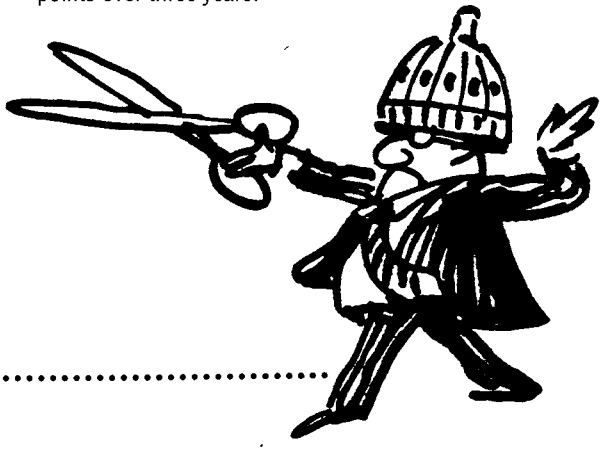
Within days of taking office, Reagan lifts oil price controls. Centers of learned opinion uniformly predict massive price hikes; instead the real price of oil begins decade-long plunge.

Budget director David Stockman honestly tries to cut spending. Gets head handed to him by Republican interest groups. GOP learns to feed at federal trough. Democrats learn to bitch about the deficit.

Kemp-Roth cuts reduce income-tax rates by about 25 percentage points over three years.

1982

Corporate-tax loopholes closed to gain revenue and cut the deficit. Congress promises three dollars of spending cuts for each dollar of taxes. *Promises* is the operative word. Deficit grows.



1983

Alan Greenspan's Social Security commission commissions a huge tax increase on middle-class workers, precisely those who failed to report extra income after the 1981 tax cuts. Serves 'em right.

1984

Deficit balloons to $185 billion. Turns out Reagan meant he would balance *Nancy's* budget.

AT&T, the world's largest corporation, divested in consent decree ending antitrust case. Policy makers admit failure of regulation; competition increasingly respectable.

1985

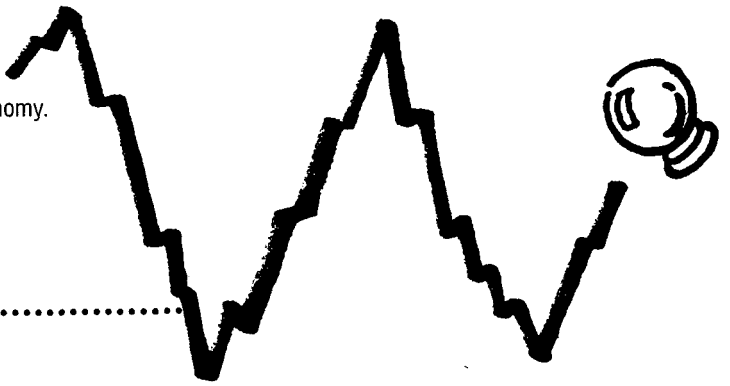
Gramm-Rudman-Hollings deficit-reduction plan, featuring automatic spending cuts, enacted. Congress *does* want help: Stop me before I spend again!

1986

Bob Packwood, Republican chairman of the Senate Finance Committee, backs income-tax reform. Radical overhaul wipes out a host of distorting loopholes, cuts rates to 28 and 15 percent. Republicans should win Good Government Award. Instead, they lose Senate.

1987

Stock market crashes. Every commentator predicts collapse of the U.S. economy.



1988

Dow bounces back to record levels. Crystal balls go on sale at Pic 'n' Save.

1989

The seventh year of economic expansion, a peacetime record. While the president slept, America prospered.

1990

Expansion ends, deficit grows. Rather than allow "draconian" Gramm-Rudman-Hollings spending cuts, Bush agrees to tax hike in exchange for future spending cuts. Right, George. The only thing that gets cut is you.

1991

Recession bottoms out in March. But shhh—don't tell anyone until the election's over.

1992

Dow Jones average = 3,300
GNP per capita = $23,475
Federal government spending per capita = $5,781
State and local government spending per capita = $3,172
Number of pages in *Federal Register* = 69,000
Number of lawyers in the United States = 760,000
Number of *Fortune* 500 employees = 12.5 million
Total U.S. employees = 125 million
Federal deficit = $325 billion

Landmark McKinsey Global Institute study finds large U.S. lead in worker productivity—over 20 percent above Germany or Japan—is due primarily to deregulation of services such as transportation and telecommunications.

Bill Clinton's election transforms the economy overnight. "Worst economy in 50 years" on November 2 becomes "robust recovery" on November 4.

1993

President Clinton wishes he could make the deficit disappear as quickly as his campaign promise to cut middle-class taxes. It's still the economy, stupid.

LAW & POLITICS

1968

M. L. King and Bobby Kennedy assassinated.
The Democratic convention bursts into violence, with face-off between Yippies and Mayor Daley's police.

White backlash/silent majority elects Richard Nixon, only second Republican president since 1928.

Warsaw Pact tanks sweep into Czechoslovakia, crushing the Prague Spring. Communism in action keeps setting back the cause of socialism in theory, while Alexander Dubcek gets a new job as a top-flight bus driver.

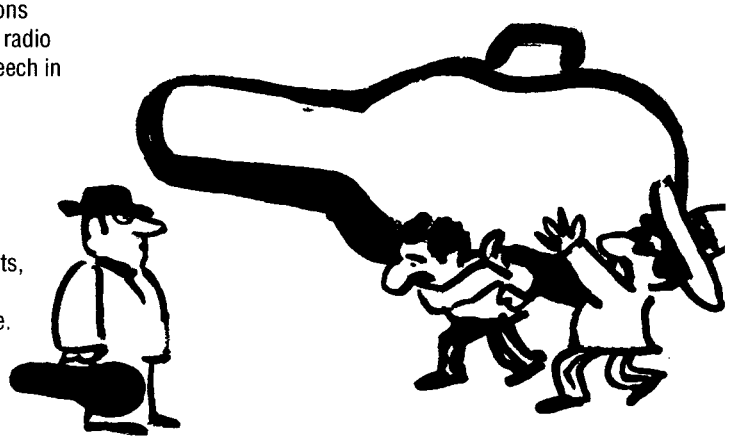
Spiro T. Agnew, a curious Maryland governor and progenitor of the "satellite cities" urban-renewal program, elected vice president. Principal effect is to soften public for Quayle candidacy 20 years hence.

1969

Nixon White House features stellar advisers: Henry Kissinger, Daniel Patrick Moynihan, Arthur Burns. Proves talent ain't the problem.

Nixon declares war on drugs.

Red Lion case gives Federal Communications Commission right to impose "fairness" on radio and TV stations. A dark cloud over free speech in the electronic age.



1970

Congress approves the Racketeer Influenced and Corrupt Organizations Act (RICO). Aimed at gangsters, RICO will eventually ensnare local governments, booksellers, and junk-bond dealers. Meanwhile, the mobsters are crushed by ultracompetitive Colombians investing in long-term commercial infrastructure.

1971

G. Harrold Carswell and Clement Haynsworth rejected for U.S. Supreme Court. Sen. Roman Hruska (R-Neb.) supports both, suggesting that "mediocre" Americans need representation just like everyone else. Soon the federal courts will incorporate this policy into national law.

Forced busing to desegregate America's public schools approved by the Supreme Court. Children will never again attend segregated, ill-equipped schools. Right?

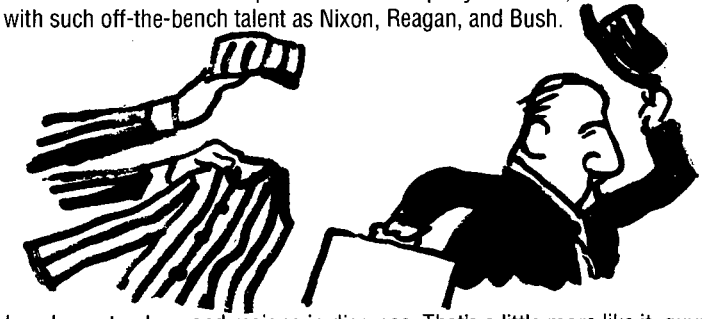
Nixon announces he will go to China, ending 20 years of isolation and driving a wedge between the Sino and Soviet empires. You were as crooked as the little toe on my left foot, Tricky, but you were a crafty devil to the commies, too.

Eighteen-year-olds given the vote. Sound-bite journalism soon to explode.

1972

George Wallace wins the Michigan primary, taking an astounding 51 percent against a crowded field. Democrats expel Mayor Richard Daley from the national convention and nominate George McGovern. Party coddles limousine liberals at the expense of old-time party stalwarts, white ethnics, and the working class. Republicans set up to win next four of five, even with such off-the-bench talent as Nixon, Reagan, and Bush.

The Munich Olympics erupt in violence as Arab terrorists murder Israeli athletes in cold blood. The age of terror politics has begun.



1973

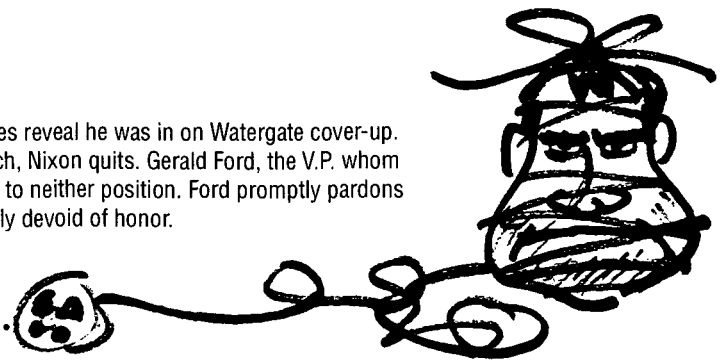
Roe v. Wade.

Politics becomes fun again. Agnew busted for taking $2,500 bribe, pleads nolo contendere, and resigns in disgrace. That's a little more like it, guys.

Watergate, a political junkie's dream. Too bad it came before C-Span! John Dean, John Mitchell, Haldeman, Ehrlichman, Nixon. G. Gordon Liddy! Favorite story: Nixon, drunk and depressed, makes Kissinger get down on all fours on the Oval Office carpet. Bleary-eyed and besotted, the jovial president looks at the secretary of state and jokes, "Let's nuke 'em, Henry!"

1974

Nixon's own tape-recorded White House messages reveal he was in on Watergate cover-up. After House Judiciary Committee votes to impeach, Nixon quits. Gerald Ford, the V.P. whom Nixon appointed, becomes first president elected to neither position. Ford promptly pardons Nixon, disproving the thesis that politics is entirely devoid of honor.



Solzhenitsyn exiled from Soviet Union.

1975

Vietnam falls; U.S. retainers beat a hasty retreat in choppers. Laos and Cambodia fall as well, and school will soon be in at the reeducation camps.

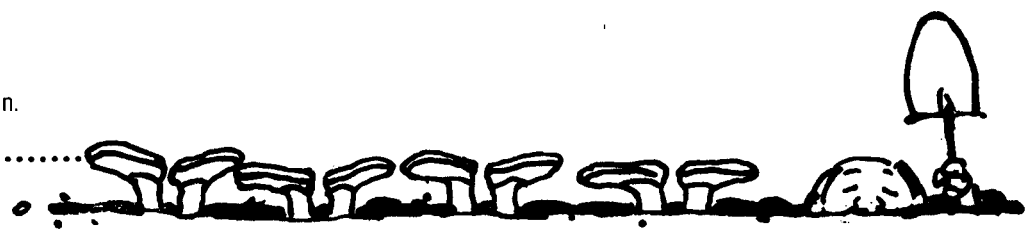
1976

A man who smiles like Jimmy Carter gets elected president of the United States. Goofy guys are "in." Man-of-the-people routine inspires great popularity—for about a week. "Style over substance" memo leaks during the first days of the administration and, with his game plan exposed, it's all downhill from there.

Daring raid on Entebbe allows Israelis to steal back hostages from under terrorist-dictator Idi Amin's nose. World cheers as good guys finally win one.

1977

Gang of Four out, Deng Xiaoping in.



1978

Bakke case ends reverse discrimination. Sort of.

In *Pacifica* case, Supreme Court says First Amendment does not permit a radio station to air George Carlin's "Seven Dirty Words" routine. Civil libertarians select one or more of them to complain.

Billy Carter pees in public. President thought to be taking man-of-the-people routine a little far.

Rather than sign a meaningless confession, Anatoly Shcharansky accepts a sentence of 13 years for dissident activities in Soviet Union.

1979

Carter delivers "malaise" speech.

Killing fields exposed in Cambodia.

Iran takes 52 Americans hostage—53, counting Carter. President pledges not to leave White House until our fellow citizens are returned home safely.

USSR invades Afghanistan; Carter claims he is "surprised" by the Soviets' warlike behavior.

Margaret Thatcher elected prime minister of United Kingdom. Sandinistas overthrow Somoza in Nicaragua.

1980

Ted Kennedy runs against Carter in primaries. Carter squeaks by on dependable "I'm no murderer" campaign platform. In Madison Square Garden convention speech, accidentally refers to the late Sen. Humphrey as "Hubert Horatio Hornblower"—the name used backstage at the White House for the obnoxious Minnesota windbag.

The Abscam investigation, with FBI agents posing as rich Arab businessmen attempting to buy political favors, snares virtually every congressman it tempts before being called off in order to salvage some shred of legislative integrity in Washington.

Former Beatle John Lennon murdered by Mark David Chapman in front of his famous apartment building, the Dakota, in New York City.

Carter administration's attempted helicopter rescue of hostages in Iran ends in bloody disaster when airships collide in nighttime raid over desert. Ronald Reagan, an actor, elected president.

1981

Hostages returned by Iranians on day of Reagan inaugural.

Reagan shot by John Hinckley, a deranged upper-income youth seeking Jody Foster's attention. As the president's life is in doubt and confusion reigns at the White House, Secretary of State Alexander Haig attempts to calm the situation by telling the press, "I'm in charge here." People truly begin to panic. Crisis ultimately inures to Reagan's benefit, as majority of Americans now happy the president recovers.

Air-traffic controllers go on strike. Reagan fires them. The strike was illegal, but you can't do that! Labor leaders everywhere fear he can do that—and did. Percentage of U.S. labor force that is unionized shrinks from 22 percent in 1980 to 16 percent in 1990.

1982

Reagan declares war on drugs.

Brezhnev out, Andropov in.

The Equal Rights Amendment, the women's issue of the '70s, dies for lack of confirmation by the states.

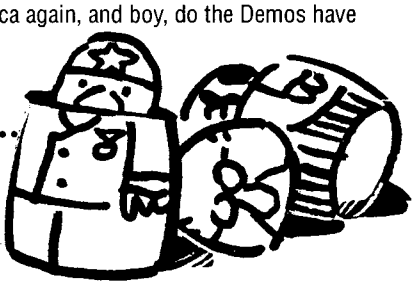
1983

Soviets shoot down Korean Air Lines flight 007, killing all 269 people aboard. A lone Arab terrorist driving an old pickup blasts through a "Do Not Enter" sign at the Beirut airport, where U.S. soldiers have been bunkered and denied live ammo, killing 237 Marines. In retaliation, Reagan invades Grenada.

1984

San Francisco Democrats nominate Walter Mondale as their presidential standard-bearer. Gary Hart's pollster calls his party "brain dead." Mondale, however, manages to carry home state of Minnesota by a narrow margin in November. It's morning in America again, and boy, do the Demos have a nasty backache (from stooping over to pander to the party's special interests).

Andropov out, Chernenko in.



1985

Philadelphia police firebomb radical MOVE headquarters, accidentally eliminating a major percentage of the city's tax base in the process. Eleven are dead, 200 homeless.

Chernenko out, Gorbachev in.

1986

Simpson-Mazzoli Act bars hiring of illegal aliens, thereby sabotaging Bill Clinton's administration seven years later.

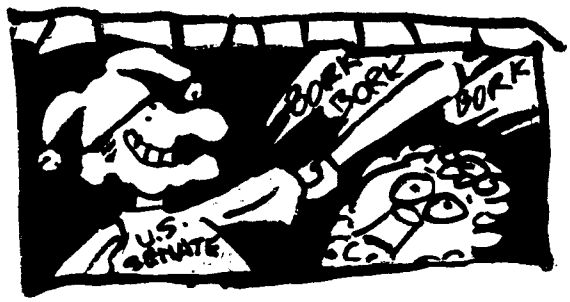
Let me get this straight. Ollie North did what???

1987

Robert Bork, advocate of letting elected representatives rather than courts decide things, finds the Senate deciding not to let him be on the Supreme Court. Nice theory, Bob; too bad you had to test it. *Bork* becomes a verb; soon all kinds of Republican nominees are getting "borked" by the Democratic Senate.

The Supreme Court says government regulations can amount to a "taking" of land under the Fifth Amendment, requiring compensation of property owners.

The FCC abolishes the Fairness Doctrine, striking a blow for freedom of the electronic press.



1988

Jesse Jackson draws second-most votes for the Democratic nomination and dominates Atlanta convention. Despite a 17-point lead over Republican stumblebums Bush and Quayle, Democrats still sick; ailment now referred to as Dukakisitis.

1989

Bush declares war on drugs.

Jim Wright. Tony Coelho. Wow. That's leadership.

The S&L fiasco, a triumph for the Dukes of Moral Hazard.

The Berlin Wall crumbles, and the last Marxist true believers on earth hole up in a smoke-filled café in the Berkeley hills.

Keating Five scandal. Michael Milken indicted.

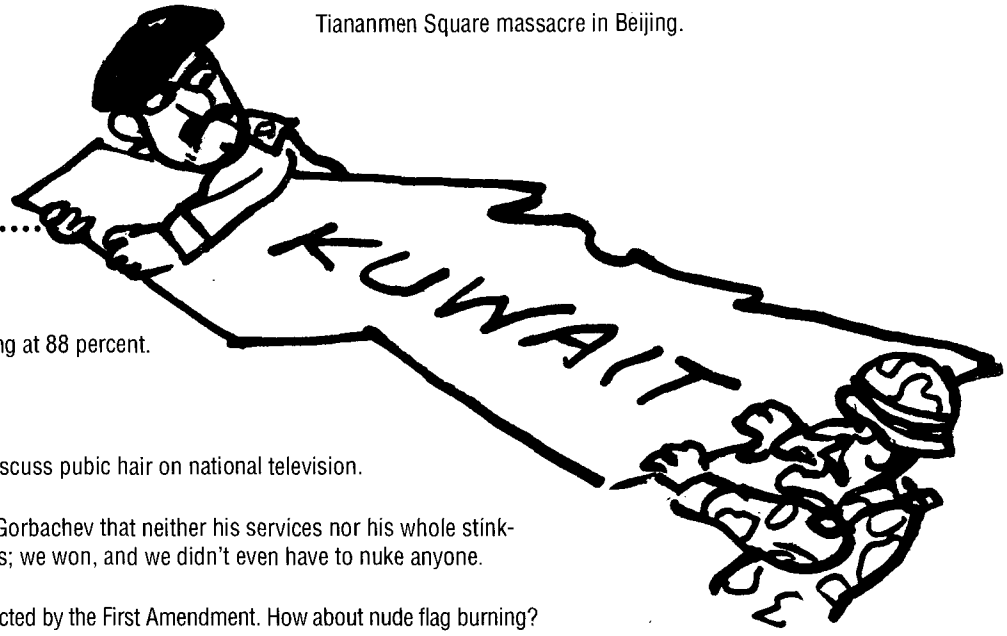
Congress says the First Amendment does not protect flag burning; the Supreme Court says it does. Burn, Old Glory, burn.

Bush invades Panama and nabs Noriega by playing loud, foul rock music outside the diplomatic safe house in which the dictator is ensconced.

Tiananmen Square massacre in Beijing.

1990

Saddam takes Kuwait.



1991

Saddam gives Kuwait back. Bush's favorable rating at 88 percent.

Sandinistas out, Violeta Chamorro in.

Clarence Thomas-Anita Hill hearings. Senators discuss pubic hair on national television.

Soviet Union collapses, as Boris Yeltsin informs Gorbachev that neither his services nor his whole stinking country are needed any longer. Cold War ends; we won, and we didn't even have to nuke anyone.

Supreme Court rules that nude dancing is not protected by the First Amendment. How about nude flag burning?

1992

Bush travels to Japan to demonstrate that he is engaged on the economy and pukes all over the prime minister.

Bush, queasy for the rest of the year, never gets into "campaign mode." Keeps looking at his watch during final days.

Bill Clinton, running as a New Democrat, gets it. Bush, running with Pat Robertson's *700 Club* out in front, loses it.

1993

Clinton, selling his inaugural rights to HBO, produces a star-studded gala and parties 'til dawn with the Hollywood Rich and Famous, before becoming president so that he may attack those who prospered in the '80s. Like his cabinet. Hey, who better to know about vulgar acquisitiveness than he who has so recently grabbed?

CULTURE & SOCIETY

1968

Mean K-12 spending per pupil = $773 ($3,116 in 1992 dollars)
Mean K-12 student/teacher ratio = 26.8:1
Mean SAT verbal score = 466
Mean SAT math score = 492

Barbarella, best Jane Fonda film since *Cat Ballou.*

1969

Woodstock.

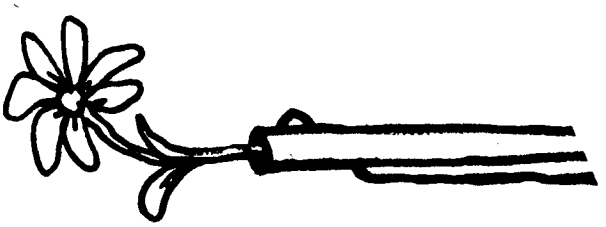
Easy Rider, Midnight Cowboy, Bob & Carol & Ted & Alice.

There's a war in Asia. Quayle joins the Guard. Clinton goes to England. Mass demonstrations here at home.

The Smothers Brothers Comedy Hour canceled by CBS after making fun of Sen. John Pastore (D-R.I.), a member of the Commerce Committee, which oversees the FCC. CBS smart network.

1970

Nixon invades Cambodia, prompting fury on the campuses. Kent State tragedy claims the lives of four protesters, as inexperienced National Guardsmen panic.



Tom Wolfe's *Radical Chic and Mau-Mauing the Flak Catchers* captures the employment of liberal ideology for fun and profit.

1971

Ken Kesey's book *Sometimes A Great Notion* becomes a movie. One of the few contributions from '60s culture to survive the evening it was created.

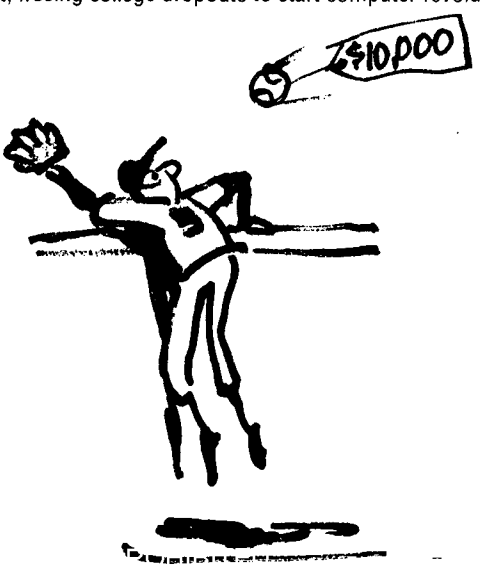
1973

Ludwig von Mises dies in New York.

On advice of Milton Friedman et al., Richard Nixon ends the military draft, freeing college dropouts to start computer revolution.

1974

Robert Nozick's *Anarchy, State, and Utopia* argues that consenting adults should have rights outside the bedroom as well. He's either a libertarian—or a libertine.



Henry Aaron breaks Babe Ruth's lifetime home-run record by slugging number 715 against the Dodgers' Al Downing. Most memorable part of the action is watching Dodger left fielder Bill Buckner scale the wall in a futile effort to retrieve the baseball. A collector offered $10,000 for the historic orb. Two decades later, it will be hard to imagine a Major Leaguer doing anything for $10,000.

F. A. Hayek wins the Nobel Prize in economics. I'll be damned.

1975

NBC launches *Saturday Night Live*. At last, a legitimate reason for having no social life.

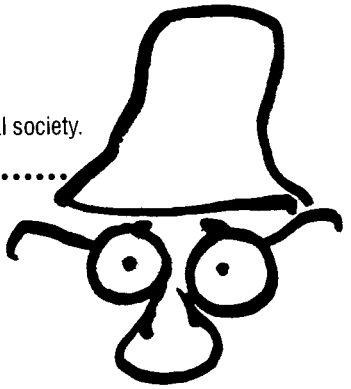
1976

Tom Wolfe labels this the "Me Decade." Not to be confused with the '80s, which come later and are dubbed the "Greed Decade." (Different still from self-indulgent, irresponsible '60s, which were altogether distinct from the self-contented, bigoted, head-in-the-sand, Ozzie and Harriet '50s.)

Milton Friedman wins the Nobel Prize in economics.

1977

Annie Hall released. Woody Allen establishes himself as the foremost satirist of contemporary liberal society.



1978

Saturday Night Fever.

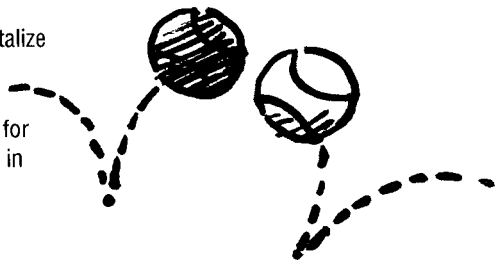
William Simon's *A Time for Truth* becomes runaway best seller.

The Rev. Jimmy Jones leads 911 little lambs to their eternity in Guyana, South America. Carter administration allies deeply sorrowful over the loss of so significant a voting bloc.

1979

Herpes: a social disease that laughs at penicillin. Wholesale lifestyle changes in order. In the '60s, a happy young single person considering sex thought, "Why not?" By the late '70s, that same person, in the same situation, thought, "Why?"

Magic Johnson (Michigan State) and Larry Bird (Indiana State) play in the NCAA finals in the most watched college basketball game in history. After vitalizing the college sport, the two go on to revitalize the professional version.



Milton Friedman's *Free to Choose* PBS series turned into a book, which stays atop best-seller lists for more than a year. His better book, *Capitalism and Freedom*, was reviewed nowhere when released in 1962. Now he's a star.

1981

AIDS begins its deadly course. The sexually promiscuous reminisce about herpes.

MTV launched.

1982

George Stigler wins the Nobel Prize in economics.

Ayn Rand dies in New York.

1983

Eric Hoffer dies in San Francisco.

1984

Charles Murray's *Losing Ground* catches entire neoliberal crowd napping. They hail it at first, then attack it, finally embrace it. *The New Republic* is out of the closet—no old-time religion for liberalism anymore.

1986

James Buchanan wins the Nobel Prize in economics.

Rupert Murdoch launches Fox, a fourth broadcast TV network.

1987

Tom Wolfe's *The Bonfire of the Vanities* frames the firestorms to come.

1989

Fox's *The Simpsons* and *Married...With Children* consistently place in the Nielsen top 20.

1990

P.C.: It's not just a computer anymore.

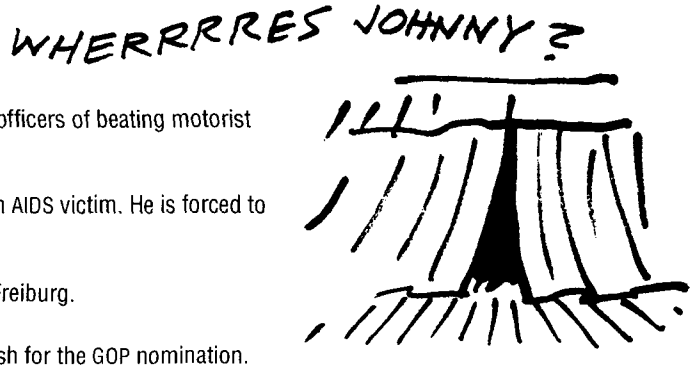
1991

Magic Johnson quits the Lakers after he reveals he is HIV-positive. He becomes the Great Hetero Hope of the AIDS movement.

Ronald Coase wins the Nobel Prize in economics.

1992

Mean K-12 school spending per pupil = $5,238
Mean K-12 student/teacher ratio = 16.5:1
Mean SAT verbal score = 424
Mean SAT math score = 475 (and falling, reversing a decade-long trend)



Los Angeles becomes a literal bonfire after a Simi Valley jury acquits four LAPD officers of beating motorist Rodney King. Fifty-four people die in the second-deadliest riots in U.S. history.

Tennis star Arthur Ashe, a great gentleman of sport, is outed by *USA Today* as an AIDS victim. He is forced to live his final months as a cause célèbre before dying at age 49.

Gary Becker wins the Nobel Prize in economics.

F. A. Hayek dies in Freiburg.

Crossfire co-host Pat Buchanan announces he'll challenge President George Bush for the GOP nomination.

On CNN's *Larry King Live*, H. Ross Perot announces his interest in running for the White House.

Saxophonist Bill Clinton plays "Heartbreak Hotel" on *The Arsenio Hall Show*.

Johnny Carson retires.

1993

Michael Jackson *is* turning white, as revealed to Oprah on ABC.

SCIENCE & TECHNOLOGY

1968

FCC allocates spectrum for cellular telephones, a technology made operational in 1947.

1969

Federal government sues IBM for monopolizing computer market after its System 360 meets with overwhelming customer approval.

1971

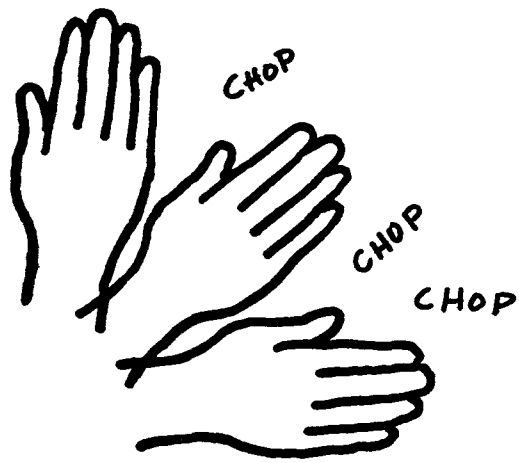
In a rare moment of fortitude, Congress votes down subsidies for Supersonic Transport plane (SST). Its European cousin, the Concorde, ends up a financial disaster a decade later. Who says turkeys can't fly?

1973

Bill Gates graduates from high school.

1975

HBO becomes first satellite TV network.



1976

Lowell Ponte's book *The Cooling* warns we will soon freeze to death if trends continue.

First Apple computer.

Atlanta billboard entrepreneur and UHF TV-station owner Ted Turner starts beaming B-grade westerns, *The Andy Griffith Show*, hourly newsbriefs, and live broadcasts of his last-place Braves to cable systems nationwide. He calls WTBS a "superstation."

1977

First VCRs go on sale in mass consumer markets.

1979

Three Mile Island nuclear reactor springs a leak. Although no one is injured or killed, and prospects for long-term medical damage to human beings are unsubstantiated, political panic effectively brings nuclear plant construction to a halt. Fortuitously released Jane Fonda flick, *The China Syndrome*, happily cashes in at the box office. "Nuclear meltdown, it's heavy, man," becomes California cliché.

ESPN and C-Span launched.

1980

FCC sets aside spectrum for Direct Broadcast Satellite service. We're still waiting.

CNN launched. All-day viewing shares for CBS, NBC, and ABC total 90 percent.

1982

Government withdraws its monopolization case against IBM, saying it's "without merit." Trial took more than six years, produced more than 104,000 pages of testimony, and had thousands of studies and documents introduced into the record.

That same day, the government announces a settlement of its massive antitrust suit against AT&T. Effective January 1, 1984, company will split off mostly competitive long-distance service from mostly monopolistic local exchange services. Telephone manufacturing completely deregulated. Consumer advocates moan and groan, while telephone customers enjoy lower prices and better service.

1983

After 15 years, the FCC begins awarding cellular telephone licenses.

Ithiel de Sola Pool's *Technologies of Freedom* argues for liberation of the new media, extending traditional First Amendment protection to the electronic press.

1984

No Orwellian state!

1986

Challenger explodes, prompting tasteless jokes and second thoughts about the space program. Chernobyl explodes, prompting tasteless jokes and second thoughts about the compatibility of central planning and environmental protection.

Digital compact disks go on sale. Don't you think it's about time to lose that eight-track tape deck?

1988

Fax machines become cheap and popular.

1991

George Holliday videotape of Rodney King beating shows that the average guy can use new technology to spy on governments, rather than vice versa.

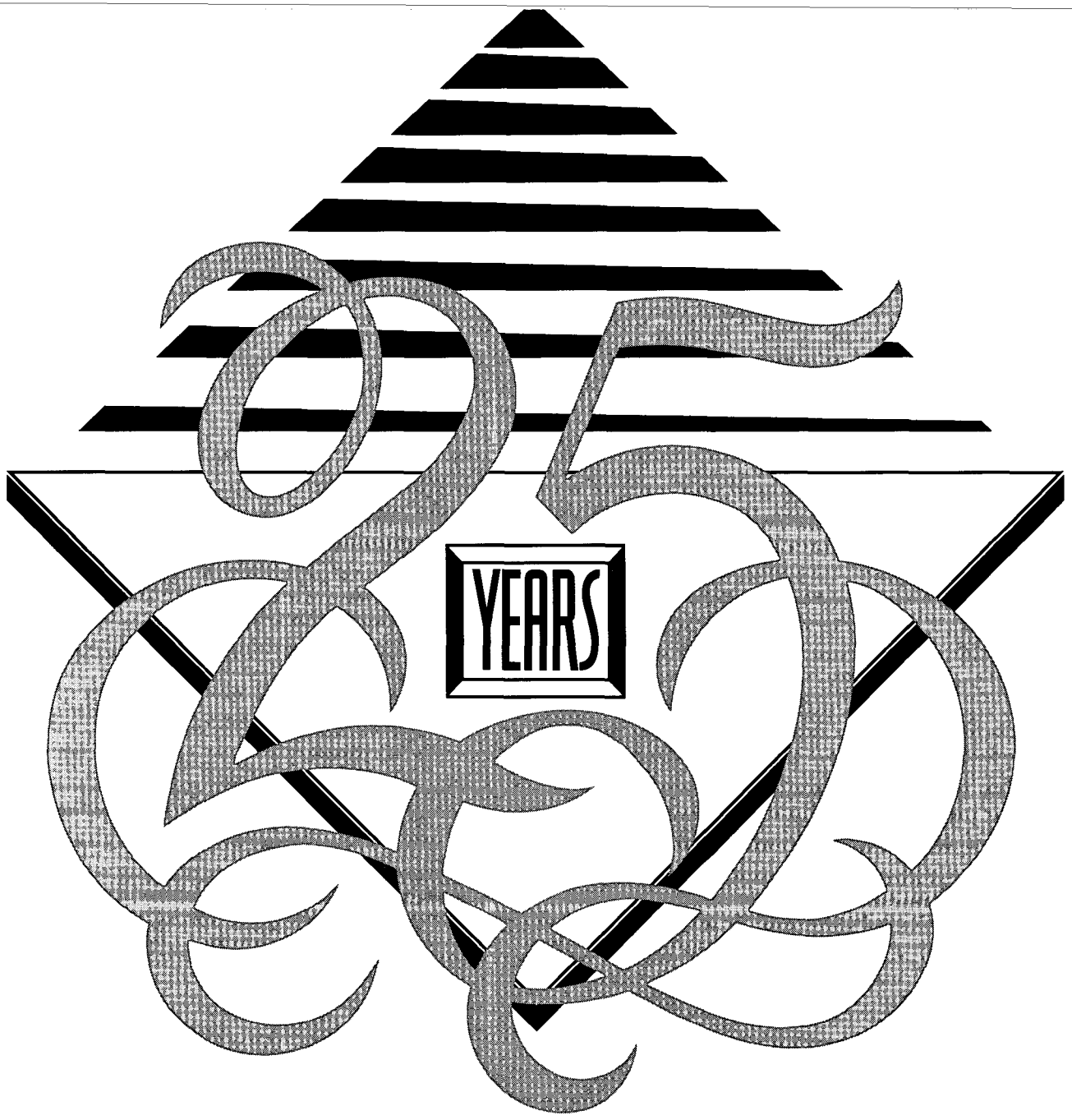
1993

Software company Microsoft, a little start-up venture by boy genius Bill Gates, surpasses IBM in market value.

Department of Justice considers suing Microsoft...for antitrust violations.

ARTHUR MATSON

Contributing Editor Thomas W. Hazlett teaches economics and public policy at the University of California, Davis. His "Selected Skirmishes" column will return next month.



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THE 1993 REASON FOUNDATION BANQUET

KEYNOTE SPEAKER:
CHARLES MURRAY
(author of *Losing Ground* and *In Pursuit: Of Happiness and Good Government)*

EMCEE:
Reason Contributing Editor
THOMAS W. HAZLETT

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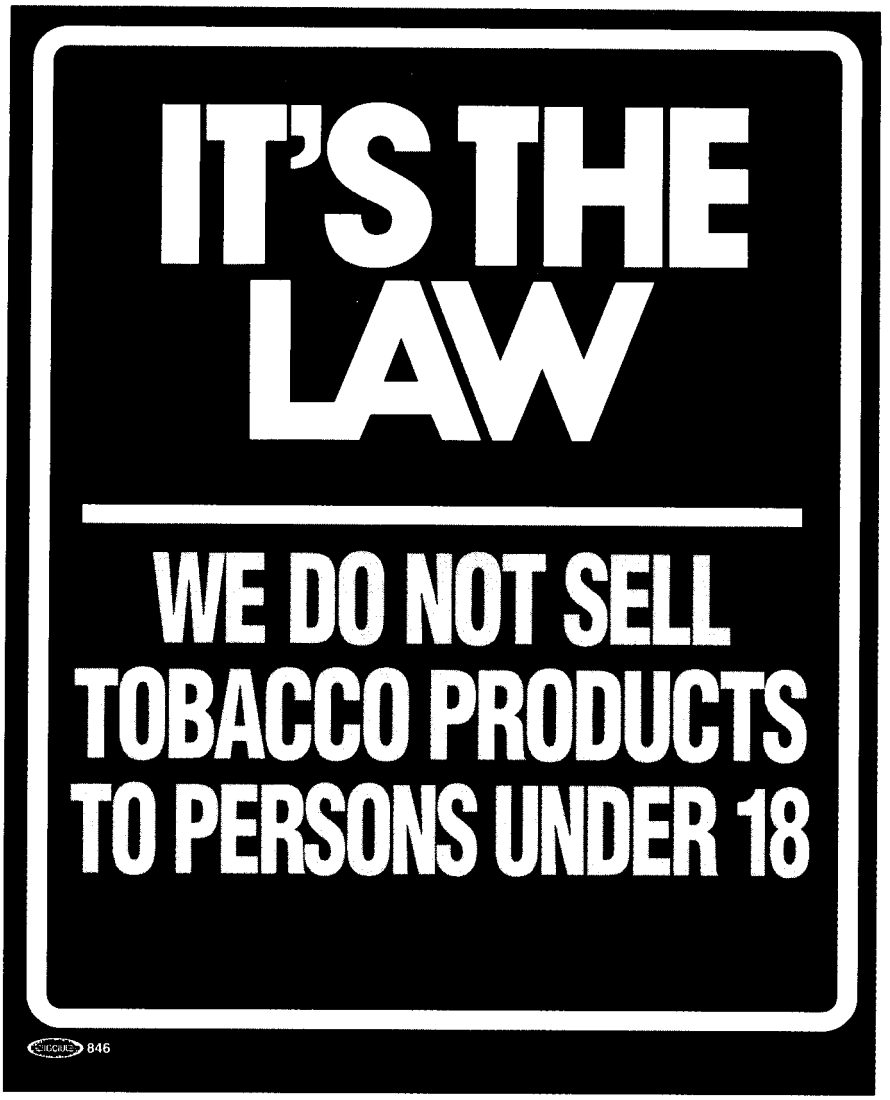

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